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# TRANSCRIPT OF RECORD

## Supreme Court of the United States

OCTOBER TERM, 1930

~~No. 852~~ 43

BANDINI PETROLEUM COMPANY, COMMODORE PETROLEUM COMPANY, WILSHIRE OIL COMPANY, ET AL., APPELLANTS,

*vs.*

THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES AND HONORABLE WILLIAM HAZLETT, AS ONE OF THE JUDGES THEREOF

APPEAL FROM THE DISTRICT COURT OF APPEAL OF THE STATE OF CALIFORNIA, SECOND APPELLATE DISTRICT

FILED APRIL 6, 1931

(35,774)

# (35,774)

# SUPREME COURT OF THE UNITED STATES

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## IN DISTRICT COURT OF APPEAL, SECOND APPELLATE DISTRICT, STATE OF CALIFORNIA, DIVISION TWO

BANDINI PETROLEUM COMPANY, a Corporation; Commodore Petroleum Company, a Corporation; Wilshire Oil Company, Inc., a Corporation; Wilshire Annex Oil Company, a Corporation, and Ambassador Petroleum Company, a Corporation, Petitioners,

vs.

THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR the County of Los Angeles and Honorable William Hazlett, as One of the Judges Thereof, Respondents

PETITION FOR WRIT OF PROHIBITION—Filed April 9, 1930.

To the Honorable the District Court of Appeal of the State of California, Second Appellate District, Division Two:

Your petitioners above named, jointly and severally, respectfully apply for a writ of prohibition by this, their [fol. 4] verified petition, and in this behalf set forth the following facts and causes for issuance of the writ, namely:

1. Each of petitioners, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., Wilshire Annex Oil Company and Ambassador Petroleum Company, is now, and at all times herein mentioned has been, a corporation duly organized, created and existing under the laws of the state of California, with its principal place of business in the county of Los Angeles in said state.

2. On September 11, 1929, the People of the State of California, on relation of Fred G. Stevenot, Director of Natural Resources of the state of California, commenced an action in the Superior Court of the state of California in and for the county of Los Angeles, against Associated Oil Company

and others, including each of the petitioners, which said action is numbered 287,460 in the files of said Superior Court, and on said last mentioned date the clerk of said court duly issued a summons upon said complaint, a true copy of which complaint marked Exhibit 1, is annexed to this petition and hereby made a part hereof with the same force and effect as if set out at length in the body of this petition.

[fol. 5] 3. On said date said Superior Court issued an order to show cause why an injunction pendente lite should not be issued, which order was directed to each of the defendants in said action, and a copy of said order to show cause, together with a copy of the affidavits of Reed D. Bush, Emile Huguenin, E. G. Gaylord and Claud C. Brown, and a memorandum of authorities on application for injunction filed in support of said order to show cause, and a copy of said summons and complaint, were thereafter served upon petitioners and filed in said action. A true copy of said order to show cause is hereto annexed and marked Exhibit 2, and is hereby referred to and made a part hereof. A true copy of each of said affidavits is annexed hereto and marked, respectively, Exhibits 3, 4, 5 and 6, in the order above named, and they are hereby referred to and made a part hereof. Thereafter said order to show cause came on for hearing before the Honorable Walter S. Gates, one of the judges of said Superior Court, and was continued for hearing to the 14th day of October, 1929.

4. As a part of their return to said order to show cause, petitioners duly and regularly filed a demurrer to said complaint, a copy of which demurrer (together with their points and authorities) is annexed hereto and marked Exhibit 7, and is hereby referred to and made a part hereof. On Octo-
[fol. 6] ber 14, 1929, said petitioners last named filed, as a part of their return to said order to show cause, their verified answer, a true copy of which is annexed hereto marked Exhibit 8, and is hereby referred to and made a part hereof. Petitioners hereby adopt the allegations and denials of said answer and reallege the same in this petition with the same force and effect as if set forth at length and in haec verba herein.

5. As a part of their return to said order to show cause, petitioners duly and regularly served and filed the affi-

davits of Victor A. Machris, George L. Machris, Arthur I. Davis, Merwin H. Soyster, Roy G. Mead and G. R. Kenney, copies of which, marked, respectively, Exhibits 9, 10, 11, 12, 13 and 14, are hereto annexed, and are hereby referred to and made a part hereof.

6. Said order to show cause came on for hearing and was called for hearing on the 14th day of October, 1929. The hearing of said order to show cause was thereafter continued from time to time, and said hearing was completed on March 19, 1930. During the course of said hearing arguments upon said demurrer and upon the motion of said demurring defendants to strike portions of the complaint were presented and heard, and during such argument the plaintiffs were granted leave to file, and did file, an amendment to said complaint, a copy of which is annexed hereto, [fol. 7] marked Exhibit 15, and is hereby referred to and made a part hereof. Thereafter, said demurring defendants filed a demurrer to said complaint as amended, a copy of which is annexed hereto, marked Exhibit 16, and is hereby referred to and made a part hereof, and also filed an amended answer to said complaint as amended, a copy of which is annexed hereto, marked Exhibit 17, and is hereby referred to and made a part hereof. No other pleadings or affidavits in support of or opposing said order to show cause were filed in said action by plaintiffs or by any of petitioners other than those hereinabove referred to, excepting that said petitioners moved to strike certain portions of said complaint and certain portions of said amendment to said complaint, which said motions were denied and said demurrers overruled during the course of said hearing. All of said pleadings and affidavits were received in evidence upon the hearing of said order to show cause, in addition to oral and documentary evidence.

7. Petitioners allege, and it appears from the uncontradicted evidence introduced upon the hearing of said order to show cause that the use of natural gas as a propelling force in moving and producing oil is prevalent in the state of California and is according to the universal custom of [fol. 8] the various localities throughout California in which oil and natural gas are produced from flowing wells; that what is a reasonable proportion of natural gas to the

amount of oil produced from the same well in said Santa Fe Springs oil field referred to in said complaint, varies widely in different parts of said field and in different parts of the same producing zone, and varies with each well penetrating any zone in said field, with the age of the well, increasing frequently as the well becomes older, and is governed largely by natural conditions which cannot be controlled to any great extent; that no natural gas is being produced by any of petitioners from any oil well or wells in said oil field in any quantity exceeding a reasonable proportion to the amount of oil produced from the same well or wells or any quantity more than is reasonably or necessarily required in the production of oil therefrom, in accordance with efficient methods and appliances; that none of the oil produced from any of the wells operated by any of petitioners in said field could or can be produced without the production of natural gas as a necessary and inevitable concomitant, and it is not and has not been and will not be, possible for any of petitioners to operate any wells, now, heretofore or hereafter owned or operated by any of them, and to produce oil therefrom without the production of natural gas in reasonable quantities as a necessary con- [fol. 9] comitant; that all of the owners and/or operators of each and every well in said field which are and have been producing oil and gas, are operating such wells primarily and chiefly for the oil produced and to be produced therefrom, and that the production of gas therefrom is and has been incidental and a necessary result; that it would not be possible to produce oil from any of the flowing wells in said field without the production of natural gas; that the chief and primary value of the natural gas produced from the flowing wells in said field is in flowing oil to such wells and lifting the oil produced therefrom to the surface; that it has not been and will not be possible to profitably or commercially produce oil from the O'Connell and lower producing oil zones in said field without such utilization of natural gas; that the use and utilization of natural gas in flowing and lifting oil to and out of the flowing wells in said field in a reasonable proportion of gas to the amount of oil produced from the same well is the most valuable and beneficial use which can be made thereof; that petitioners respectively were, at the time of the filing of their answer, to wit, on or about October 12, 1929, producing

from wells operated by them respectively in said field oil of the approximate amounts and of the reasonable market value set opposite their respective names, to wit:

[fol. 10]

| Defendant | Barrels of oil per diem | Approximate market value |
|---|---|---|
| Bandini Petroleum Company | 13,591 | $18,347.85 |
| Commodore Petroleum Company | 251 | 338.85 |
| Wilshire Oil Company, Inc. | 9,088 | 12,268.80 |
| Wilshire Annex Oil Company | 4,150 | 5,602.50 |
| Ambassador Petroleum Company | 5,172 | 6,982.20; |

that petitioners respectively were, on March 16, 1930, producing from wells operated by them respectively in said field oil of the approximate amounts and of the reasonable market value set forth in the following schedule, which also shows the amount of gas produced and reasonably necessary to produce the amount of oil produced from each lease, and the name of the petitioner and of the lease producing the same:

[fol. 11]

| Company and lease | Daily net oil produced 3-16-30 (barrels) | Market value of net oil | Daily amount of gas required to produce said oil (M. C. F.) | Daily gas allowed to be produced under injunction (M. C. F.) |
|---|---|---|---|---|
| Ambassador Petroleum Company: | | | | |
| Baker Lease | 984 | $1,525.20 | 3931 | 1984 |
| Bandini Petroleum Company: | | | | |
| Off Lease | 10,858 | 16,829.90 | 28445 | 13140 |
| Commodore Petroleum Company: | | | | |
| Babonet Lease | 1,754 | 2,718.70 | 6019 | 2179 |
| Landl Lease | 1,689 | 2,617.95 | 6795 | 2106 |
| Wilshire Annex Oil Company: | | | | |
| Eagle Lease | 404 | 626.20 | 884 | 485 |
| Koontz Lease | 1,397 | 2,165.35 | 2496 | 1620 |
| Crawford Lease | 465 | 720.75 | 1576 | 636 |
| Wilshire Oil Company, Inc.: | | | | |
| Baker Lease | 208 | 322.40 | 1776 | 262 |
| Cecelia Lease | 984 | 1,525.20 | 3165 | 1200 |
| Crawford Lease | 132 | 204.60 | 145 | 168 |
| Petersen Lease | 679 | 1,052.45 | 1888 | 780 |
| Aggregate Totals | 19,554 | $28,372.44 | 57120 | 24560 |

[fol. 12] that at the time of the commencement of this action, and at all times up to and including March 19, 1930, the amount of actual gas produced from each of the wells on said leases did not exceed a reasonable proportion to the amount of oil produced from each of said wells at the same time; in addition to the use and utilization of such natural gas then producing oil from said wells, the said natural gas necessarily and unavoidably produced from the wells on said leases was further utilized in the manufacture of casinghead gasoline; the aggregate value of such casinghead gasoline so manufactured daily was and is approximately $3,000.00 per day; during all of said time and since, so much of the resulting dry natural gas remaining after the extraction and manufacture of casing head gasoline as aforesaid as could be utilized further, was, and now is, further utilized for fuel purposes upon the various leases and for field and other uses in the operations of petitioners, and so much as could be sold was sold, but the amount sold was small; that there was and is no other available means to any of petitioners for any further utilization of the remaining dry gas, and such remaining dry gas had, and has, no market value; and notwithstanding, during all of said times, that petitioners made diligent efforts so to do, none of them has been able to sell or even give away the same; [fol. 13] by reason of the premises petitioners were and are compelled after making the aforesaid and beneficial utilizations, thereof, to release or permit the remaining dry gas to escape into the air.

8. Petitioners allege, and it further appears from the uncontradicted evidence introduced at said hearing that each of the wells of petitioners in said Santa Fe Springs oil field is efficiently operated and is so operated that it does not injuriously affect the operations of others owning and/or operating wells in said field; that the gas-oil ratio of each well producing oil and gas is a fair index to the efficiency of such well in the reasonable utilization of natural gas in the production of oil; that the gas-oil ratio of the wells of petitioners is the third lowest amongst the nine largest producers of oil in said Santa Fe Springs oil field and the average production of oil per well of petitioners from said field is the third largest of said nine largest producers of oil in said field; that the enforcement of the order granting the preliminary injunction hereinafter referred

to requires the shutting down and/or killing by petitioners and other operators in said field of many producing wells; that the average cost of such wells is approximately $150,000.00 each; that the danger of permanent injury to result in shutting down a well is great, particularly as to wells located on the outer edges of said field, as are many of the [fol. 14] wells of petitioners, and that to attempt to curtail the production of oil and gas from such wells will endanger such wells; that in the case of many of such wells as are located on the flank or edge of the field there is serious danger of water encroachment from the edges of the field, and that in some instances this has prevented and will probably prevent replacing such wells to their former production of oil; that the allowed gas production to petitioners would require them to shut in and/or kill a number of their producing oil wells, and that this would impair the ability of the petitioners to protect themselves against offset wells on large adjoining leaseholds.

9. The amount of oil which can be produced by petitioners with the allowed gas production under said order as modified, through the most efficient operation of such of the wells thereon as are not required to be shut in and killed as aforesaid, does not exceed the amounts set opposite the names of petitioners and their respective leases in the following schedule, and will require a reduction in the production of oil from each of said leases as of March 20, 1930, as shown, in the following schedule:

[fol. 15]

| Name of company and lease | Actual production of net oil as of March 20, 1930 | Approximate amount of oil which can be produced with allowed gas production |
|---|---|---|
| **Bandini Petroleum Company:** | | |
| Off Lease | 11,264 | 5,812 |
| **Commodore Petroleum Company:** | | |
| Babonet Lease | 1,445 | 826 |
| Landl Lease | 1,536 | 677 |
| **Wilshire Oil Company, Inc.:** | | |
| Baker Lease | 194 | 0 |
| Cecelia Lease | 810 | 445 |
| Crawford Lease | 185 | 143 |
| Peterson Lease | 534 | 221 |
| **Wilshire Annex Oil Company:** | | |
| Eagle Lease | 364 | 200 |
| Koontz Lease | 1,926 | 1,134 |
| Crawford Lease | 416 | 160 |
| **Ambassador Petroleum Company:** | | |
| Baker Lease | 742 | 593 |
| **Totals** | **19,416** | **10,211** |

[fol. 16] 10. On March 19, 1930, at the conclusion of the hearing of said order to show cause, the court made and signed an order granting an injunction pendente lite, which said order was in words and figures as set forth in Exhibit 18 annexed hereto, which is hereby referred to and made a part hereof. Said order was made over the objections of petitioners, upon the ground that the same was in excess of the jurisdiction of the court and is not authorized by the provisions of the statute under which said action was commenced and maintained, and upon each of the grounds set forth in said demurrer, answer and amendment to answer filed by these petitioners hereinabove referred to, reference to each of which is hereby made for further particulars.

11. On or about March 28, 1930, said court made and filed its order modifying said preliminary injunction, a copy of which said order is annexed hereto marked Exhibit 19, and is hereby referred to and made a part hereof.

12. Immediately after the making and granting of said preliminary injunction on March 19, 1930, petitioners, in an effort to comply therewith, commenced to control and limit the production of gas from their respective wells on said leases, and in so doing to gradually diminish the size of the flow bean or orifice of each well out of which oil and gas is produced, by inserting new flow beans of gradually [fol. 17] diminishing size and using the most skill and knowledge obtainable, with the result that four of their wells died and were killed, and eleven of their wells had to be shut in, and the gas pressure upon the casing head of one of said wells became so great that it burst through the casing head on April 2, 1930, and caught fire, and burned for two days, causing considerable loss and damage and endangered other nearby wells and property. Said well was producing approximately 800 barrels of oil per day, and is probably totally destroyed, and petitioner Bandini Petroleum Company has been irreparably damaged thereby. The cost of said wells so shut in and/or killed is many thousands of dollars, and many—if not all—of said wells have been permanently and irreparably damaged, as aforesaid. There is a serious danger that other wells of petitioners which have been, or will have to be, "pinched back" or curtailed in the production of natural gas, if said orders

are enforced, will die, and that they cannot be restored to their former production.

13. On April 2, 1930, as the result of the acts of petitioners in attempting to comply with said preliminary injunction as modified, the daily production of gas and oil on the respective leases of petitioners, as compared with the production of gas and oil therefrom on March 20, 1930, was reduced as shown in the following schedule:

[fol. 18]

| Name of company and lease | March 20, 1930 | | April 2, 1930 | | Allowable Net gas (M. C. F.) | Excess production of gas over allowable in M. C. F. on April 2, 1930 |
|---|---|---|---|---|---|---|
| | Net gas (M. C. F.) | Net oil (bbls.) | Net gas (M. C. F.) | Net oil (bbls.) | | |
| Bandini Petroleum Company: | | | | | | |
| Off Lease | 31,500 | 11,264 | 17,810 | 6,625 | 15,767 | 2,278 |
| Commodore Petroleum Company: | | | | | | |
| Babonet Lease | 4,891 | 1,445 | 2,479 | 994 | 2,179 | 300 |
| Landl Lease | 6,408 | 1,536 | 2,504 | 749 | 2,106 | 402 |
| Wilshire Oil Company, Inc.: | | | | | | |
| Baker Lease | 4,205 | 194 | 297 | 34 | 262 | 35 |
| Cecelia Lease | 2,694 | 810 | 1,207 | 452 | 1,200 | 7 |
| Crawford Lease | 139 | 185 | 165 | 143 | 168 | (3—) |
| Peterson Lease | 1,681 | 534 | 919 | 321 | 780 | 139 |
| Wilshire Annex Oil Company, Inc.: | | | | | | |
| Eagle Lease | 863 | 364 | 698 | 285 | 529 | 169 |
| Koontz Lease | 3,683 | 1,926 | 2,663 | 1,192 | 2,549 | 114 |
| Crawford Lease | 1,518 | 416 | 585 | 147 | 636 | (51—) |
| Ambassador Petroleum Company: | | | | | | |
| Baker Lease | 4,435 | 742 | 2,219 | 848 | 1,984 | 235 |

[fol. 19] As shown by said schedule, the total net gas production of petitioners was reduced between said dates from 62,017,000 cubic feet of gas per day to 33,546,000 cubic feet of gas per day, and the net oil production of petitioners was reduced from 19,416 barrels per day to 11,688 barrels per day. The market value of a barrel of crude oil on said dates was, and is, $1.60 per barrel, so that the decreased daily income and loss in oil to petitioners aggregates approximately $12,500.00 per day. The prevailing price paid to petitioners and other producers for such small portion of the resulting natural gas produced in Santa Fe Springs oil field (remaining after its utilization in producing oil, manufacturing casing-head gasoline, and for field operations) as can be sold is only approximately 5 cents per 1,000 cubic feet; but as heretofore alleged there is no market for such natural gas, and it cannot even be given away. In order for petitioners to further comply with said preliminary injunction as modified, it will be necessary for them to shut in and/or kill other wells, which will cause them further irreparable damage. Plaintiffs, and said Superior Court, have threatened to, and will unless prohibited from so doing, enforce said preliminary injunction as modified, by contempt proceedings, or by other process or orders, forcibly shut in or curtail the production of gas and oil from said leases of petitioners, to conform to said pre-
[fol. 20] liminary injunction as modified. Petitioners are informed and believe, and upon that ground allege, that on April 14, 1930, the plaintiffs and/or said court will cause said preliminary injunction to be further so modified as to materially further decrease and limit the amount of gas and oil which can be produced from the various wells and leases of petitioners, whereby the rights and property interests of petitioners will be further invaded and petitioners will be further irreparably damaged without recourse.

14. The sole authority under which the plaintiffs, so-called, in said proceeding in said Superior Court were acting in instituting, and under which said court was acting in entertaining, the same, and in granting said preliminary injunction and modifying the same as aforesaid, is derived from the provisions of sections 8b, 8d, 9, 14 and 14b, and particularly sections 8b and 14b, of Chapter 718 of Statutes

of 1915 of the state of California, as amended from time to time, which said sections were added or amended by the provisions of Chapter 535 of the 1929 Statutes of the state of California.

15. Said court was and is without jurisdiction to grant or enforce said preliminary injunction and/or said order modifying said preliminary injunction, and in this connection, petitioners and each of them allege the following particulars.

[fol. 21] (a) The statute, under the supposed authority of which said suit was instituted in the Superior Court and the said purported orders were made, is so vague, uncertain and indefinite, and is so devoid of any definition, guide or standard as to what constitutes waste of natural gas or unreasonable waste of natural gas or reasonable waste of natural gas, that it violates the due process clauses of both the federal and California constitutions, and unlawfully attempts to delegate to the Superior Court the power to legislate as to what shall constitute waste of natural gas and unreasonable waste of natural gas and reasonable waste of natural gas, and said Superior Court was exercising legislative powers without, and in excess of its, jurisdiction in attempting to prescribe, enact and prohibit what constitutes unreasonable waste of natural gas by each of petitioners and the other defendants in said action.. The term "unreasonable waste of natural gas" did not at the time of this enactment of said statute have, and has never since acquired, any established or settled meaning by usage or custom.

(b) The said statute permits and does not prohibit the utilization and production of natural gas from any oil well or wells in quantities not exceeding a reasonable proportion to the amount of oil produced from the same well or wells. The said order granting said preliminary injunction, standing by itself and also as modified as aforesaid, is [fol. 22] in excess of the jurisdiction of the court, in that, as appeared from the uncontradicted evidence introduced at said hearing, and as the facts are, none of the oil wells of any of petitioners was, at the time of the making of either of said orders, producing natural gas in quantities exceeding a reasonable proportion to the amount of oil produced from the same well or wells, and the amount of natural gas allowed to be produced from the several leases of

petitioners respectively, as set forth therein, is so low, and is decreased so disproportionately to the amount of oil which can properly and efficiently be produced, and was then being produced, from the wells on said leases respectively, and is decreased so disproportionately to the amount of natural gas reasonably required to produce the oil then being so produced from the producing wells on said leases as aforesaid, that to comply with or enforce said preliminary injunction, as originally made or as modified, requires many of the oil wells on said leases to be shut in and killed, which will endanger and/or irreparably and permanently injure such wells, and cause the production of oil from such oil wells on said leases respectively to be greatly decreased and reduced, for which loss and damage petitioners will be wholly without recourse.

[fol. 23] (c) The statute hereinbefore referred to and the said preliminary injunction and the said order modifying the same, to the extent that they purport to, and that the enforcement thereof will, prohibit petitioners from utilizing such amount of natural gas produced from their respective wells on their respective leases as is reasonably necessary to produce oil therefrom in quantities not exceeding a reasonable proportion to the amount of oil produced from the same well, and to the extent that they require petitioners respectively to shut in and kill many producing oil wells and to curtail the production of oil and gas from their producing oil wells, as in this petition alleged and set forth, for the purpose of conserving such natural gas for the benefit of the general public (which purpose is the sole ground upon which said preliminary injunction and said order modifying said injunction were based by the said Superior Court), without first commencing eminent domain proceedings according to law in a court of competent jurisdiction, and without just compensation first having been made to, or paid into court for, petitioners respectively—constitutes, and the enforcement thereof will constitute, a taking and/or damaging of the property of petitioners and an unlawful invasion and deprivation of the property rights of petitioners without due process of law under both the United States and California [fol. 24] constitutions, and is in excess of the jurisdiction of said court.

(d) The said statute hereinbefore referred to, under the supposed authority of which said action in the Superior Court was commenced and said order granting said preliminary injunction and said order modifying the same were made, does not give the Superior Court jurisdiction to limit the amount of natural gas which may be produced from any property or lease, but, if valid, gives to said Superior Court jurisdiction only to enjoin the unreasonable waste of natural gas. The said order granting said preliminary injunction and the said order modifying the same, in so far as the same attempt to limit the amount of natural gas which may be produced from any lease of any of these petitioners, or of any other defendants in said action, are each beyond, and in excess of, the jurisdiction of said Superior Court.

(e) The said statute is unconstitutional and void upon each and all of the grounds set forth in the amended answer of petitioners hereinbefore referred to and the said amended answer, and upon each of the grounds set forth in the said demurrer of these petitioners, and in the points and authorities annexed thereto, and said statute confers no jurisdiction or authority upon said Superior Court, and the said Superior Court, in attempting to en-
[fol. 25] force said statute and in granting said preliminary injunction and in making said order modifying said preliminary injunction, was acting without, and/or in excess of its, jurisdiction.

15. Petitioners have no plain, speedy or adequate remedy at law. Plaintiffs in said action have filed no bond of any sort in said action, and if said preliminary injunction is later reversed, or if it be later held that plaintiffs in said action were not entitled thereto, petitioners will be wholly without recourse for any loss or damage sustained by them respectively. Before an appeal from said order granting said preliminary injunction and/or said order modifying the same can be heard and determined, if the same are enforced by contempt proceedings or other process, or in any manner many of the wells of petitioners respectively will be shut in and killed and/or curtailed in their oil and gas production, which will deprive them of a large daily production of oil, will cause permanent and irreparable injury and damage. Many of said wells

so shut in or killed cannot later be placed on production, and those that can be replaced on production cannot be restored to the amount of production of oil which they otherwise would have. Petitioners have attempted to restore some of the wells which have been shut in and/or killed in attempting to comply with said preliminary in- [fol. 26] junction, without success. Many of the wells shut in, killed or curtailed, as aforesaid, can not be restored to production, and those of them which can be restored to production cannot be replaced on the oil production which they would otherwise have. Much of the oil which would be produced from the wells of petitioners if said preliminary injunction and said order modifying the same were not complied with or enforced will be lost to petitioners. The effect of said order granting said preliminary injunction and as modified as aforesaid, by virtue of the very existence thereof pending appeal therefrom, is to cast a shadow over the rights of each of petitioners to the full and exclusive use and enjoyment of their properties which no stay in the operation and enjoyment thereof can or could remove. Their respective properties in said Santa Fe Springs oil field, by reason of the mere existence of said preliminary injunction and said order modifying the same, are each rendered less valuable, less usable and less salable. By reason of the existence of said order granting said preliminary injunction and of said order modifying the same, and the threatened enforcement thereof and the resulting taking or damaging thereof, their constitutional rights in and to their respective properties and the use and enjoyment thereof are invaded, notwithstanding any appeal from said order granting said preliminary injunction [fol. 27] or said order modifying the same. The enforcement of said preliminary injunction as originally granted or as modified, will necessarily prevent diligent production of oil and gas by each of petitioners from any of said wells as provided and required under the terms of the respective leases under which the wells of petitioners respectively were drilled and operated which will endanger said leases through proceedings to forfeit same and thus cause a multiplicity of suits. Section 14b of said statute under which said action was commenced and prosecuted, by its

terms provides that no temporary or permanent injunction granted thereunder may be dissolved or stayed pending an appeal, either upon the giving of any bond or undertaking or otherwise. If petitioners are successful on an appeal from said order granting said preliminary injunction and/or said order modifying the same, they will have no recourse against plaintiffs, or otherwise, for the damages which petitioners and each of them have sustained and will daily continue to sustain.

16. Your petitioners are each parties beneficially interested in this proceeding. The names of the parties interested who would be affected by this petition are your petitioners, the respondents herein, and the People of the State of California and Fred G. Stevenot, Director of Nat- [fol. 28] ural Resources of the state of California, plaintiffs in the action herein referred to and now pending in said Superior Court in and for the county of Los Angeles.

Wherefore your petitioners pray that an alternative writ of prohibition be issued restraining the said Superior Court of the state of California, in and for the county of Los Angeles, judge thereof, and its officers and agents and all persons acting through its orders, from taking any steps or proceedings to enforce said order granting said preliminary injunction or the said order modifying the same, against petitioners or any of them or against any of the officers, agents employees or representatives of any of petitioners, either by contempt proceedings or by any process or in any other manner, and from making any order or orders or doing any acts based thereon affecting any of petitioners, and that the said Superior Court and the said Honorable William Hazlett, as judge thereof, be directed and required to show cause before this court, at a specified time and place, why they should not each be absolutely and forever restrained from taking any further proceedings against any of petitioners herein based upon the said order modifying the same, or from making any order or orders or doing any acts based thereon, affecting

[fol. 29] petitioners or any of them; and for such other and further relief as petitioners will be entitled to.

Call & Murphey, by (Sgd.) Robert B. Murphey and (Sgd.) Wm. L. Murphey, Attorneys for Petitioners, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Annex Oil Company, and Ambassador Petroleum Company.

*Duly sworn to by George L. Machris. Jurat omitted in printing.*

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[fol. 30] EXHIBIT 1 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY, GENERAL PETROLEUM CORPORATION of California, Richfield Oil Company of California, Standard Oil Company of California, The Texas Company, Shell Oil Company, Union Oil Company of California, Industrial Fuel Supply Company, Rio Grande Gasoline Company, Standard Gasoline Company, The Norwalk Company, Ambassador Petroleum Co., Bandini Petroleum Company, Bell View Oil Syn., Buckeye Union Oil Company, Commodore Petroleum Company, Cooperative Oil Syndicate of Santa Fe Springs, Tom Donley Land & Oil Company, Elliott Consolidated Oil Company, Graham-Loftus Oil Corp., Oscar A. Howard, Jameson Petroleum Company, C. C. Juliane, Raleigh Oil Company, Reed & Berliner, Inc.; George W. Ring, Rio Grande Oil Company, Second Twin Bell Syn., The St. Helens Petroleum Co., Ltd.; Star Petroleum Company, Sunset Pacific Oil Company, Superior Oil Company, Syndicate Company, Twin Bell Oil Syn., United States Oil and Royalties Company, Universal Consolidated Oil Company, Whiston & Cox Oil Company, Whittier Santa

[fol. 31] Fe Springs Oil Syn. No. 1, George F. Getty, Inc.; Wilshire Annex Oil Co., Wilshire Oil Co., Inc.; Mohawk Petroleum Co., H. A. Bardeen, K. G. & Pulliam, John Doe York, Richard Roe Smullen, John Doe One Company, John Doe Two Company, John Doe Three Company, Richard Roe I, Richard Roe II, Richard Roe III, Doe Roe Syn., Defendants

Action Brought in the Superior Court of the County of Los Angeles and Complaint Filed in the Office of the Clerk of the Superior Court of said County

Summons

The People of the State of California send greetings to Associated Oil Company, General Petroleum Corporation of California, Richfield Oil Company of California, Standard Oil Company of California, The Texas Company, Shell Oil Company, Union Oil Company of California, Industrial Fuel Supply Company, Rio Grande Gasoline Company, Standard Gasoline Company, The Norwalk Company, Ambassador Petroleum Co., Bandini Petroleum Company, Bell View Oil Syn., Buckeye Union Oil Company, Commodore Petroleum Company, Cooperative Oil Syndicate of Santa Fe Springs, Tom Donley Land & Oil Company, Elliott Consolidated Oil Com-
[fol. 32] pany, Graham-Loftus Oil Corp., Oscar R. Howard, Jameson Petroleum Company, C. C. Julian, Raleigh Oil Company, Reed & Berliner, Inc.; George W. Ring, Rio Grande Oil Company, Second Twin Bell Syn., The St. Helens Petroleum Co., Ltd.; Star Petroleum Company, Sunset Pacific Oil Company, Superior Oil Company, Syndicate Company, Twin Bell Oil Syn., United States Oil and Royalties Company, Universal Consolidated Oil Company, Whiston & Cox Oil Company, Whittier Santa Fe Springs Oil Syn. No. 1, George F. Getty, Inc.; Wilshire Annex Oil Co., Wilshire Oil Co., Inc.; Mohawk Petroleum Co., H. A. Bardeen, K. G. & Pulliam, John Doe York, Richard Roe Smullen, John Doe One Company, John Doe Two Company, John Doe Three Company, Richard Roe I, Richard Roe II, Richard Roe III, Doe Roe Syn., Defendants:

You are directed to appear in an action brought against you by the above named plaintiff in the Superior Court of the State of California, in and for the County of Los Angeles, and to answer the complaint therein within ten days after the service on you of this summons, if served within the County of Los Angeles, or within thirty days if served elsewhere, and you are notified that unless you appear and answer as above required, the plaintiff will [fol. 33] take judgment for any money or damages demanded in the Complaint, as arising upon contract, or will apply to the Court for any other relief demanded in the Complaint.

Given under my hand and seal of the Superior Court of the County of Los Angeles, State of California, this 11th day of Sept., 1929.

L. E. Lampton, County Clerk and Clerk of the Superior Court of the State of California in and for the County of Los Angeles, by N. Hollister, Deputy. (Seal Superior Court, Los Angeles County.)

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY, GENERAL PETROLEUM CORPORATION of California, Richfield Oil Company of California, Standard Oil Company of California, The Texas Company, Shell Oil Company, Union Oil Company of California, Industrial Fuel Supply Company, Rie Grande Gasoline Company, Standard Gasoline Company, The Norwalk Company, Ambassador Petroleum Co., Bandini [fol. 34] Petroleum Company, Bell View Oil Syn., Buckeye Union Oil Company, Commodore Petroleum Company, Cooperative Oil Syndicate of Santa Fe Springs, Tom Donley Land & Oil Company, Elliott Consolidated

Oil Company, Graham-Loftus Oil Corp., Oscar R. Howard, Jameson Petroleum Company, C. C. Julian, Raleigh Oil Company, Reed & Berliner, Inc.; George W. Ring, Rio Grande Oil Company, Second Twin Bell Syn., The St. Helens Petroleum Co., Ltd.; Star Petroleum Company, Sunset Pacific Oil Company, Superior Oil Company, Syndicate Company, Twin Bell Oil Syn., United States Oil and Royalties Company, Universal Consolidated Oil Company, Whitson & Cox Oil Company, Whittier Santa Fe Springs Oil Syn. No. 1, George F. Getty, Inc.; Wilshire Annex Oil Co., Wilshire Oil Co., Inc.; Mohawk Petroleum Co., H. A. Bardeen, K. G. & Pulliam, John Doe York, Richard Roe Smullen, John Doe One Company, John Deo Two Company, John Doe Three Company, Richard Roe I, Richard Roe II, Richard Roe III, Doe Roe Syn., Defendants

Complaint for Injunction

Come now The People of the State of California by Fred G. Stevenot, Director of Natural Resources of the said State of California, and complain of the defendants above named and for cause of action allege:

[fol. 35] 1. That each of the defendants above named other than C. C. Julian, George W. Ring, Bell View Oil Syn., Second Twin Bell Syn., Twin Bell Oil Syn., Whittier Santa Fe Springs Oil Syn. No. 1, H. A. Bardeen, K. G. & Pulliam, John Doe York, Richard Roe Smullen, Richard Roe I, Richard Roe II, Richard Roe III, Doe Roe Syn., is a corporation doing business in the County of Los Angeles, State of California. That each of the defendants to this action other than Industrial Fuel Supply Company, Rio Grande Company, Standard Gasoline Company and The Norwalk Company, are producing oil and gas from wells penetrating some or all of the zones in the Santa Fe Springs Oil Field. That all of the defendants to this action are unreasonably wasting natural gas by blowing and releasing and by causing other defendants to blow and release natural gas derived from wells in said Santa Fe Springs Oil Field into the air, as hereinafter in this complaint more particularly alleged.

2. That the above named Fred G. Stevenot was on the 24th day of May, 1929, and ever since has been and now is

Director of Natural Resources of the State of California, and as such Director, head of the Department of Natural Resources of the State of California.

3. That within the said Department of Natural Re-
[fol. 36] sources there is a division created by law for the supervision of petroleum and gas in charge of a chief, known as State Oil and Gas Supervisor, and the said State is divided by law into five oil and gas districts, in each of which said districts there are one or more oil fields. That the conditions hereinafter mentioned as existing in Santa Fe Springs Oil Field in the County of Los Angeles, said state, are prevalent in the other oil fields in the other oil and gas districts, and the use of natural gas as herein mentioned is prevalent over a large portion of the State of California.

4. That Santa Fe Springs Oil Field as herein referred to is that portion of the Rancho Santa Gertrudes, in the County of Los Angeles, and in Oil and Gas District No. 1, State of California, more particularly described as follows:

The Southeast quarter of Section 36, Township 2 South, Range 12 West, and the East half of Section 1, Township 3 South, Range 12 West, and the south half of Section 31, Township 2 South, Range 11 West, and all of Section 5 and all of Section 6, and the North half of Section 7 of Township 3 South, Range 11 West.

That the lines of cross section to mark intersecting vertical planes in the field best disclosing underground conditions in the different zones intersect near the southeast cor-
[fol. 37] ner of Fulton Road and Willis Street, within the boundaries of said oil field, all of which is shown on map, Exhibit "A," hereto attached and hereby made a part of this complaint.

5. That underlying the surface of the land at various depths and within the said Santa Fe Springs Oil Field as above described, are twelve (12) separate oil and gas zones, some of which extend throughout the whole of said oil field area, and some of which zones extend only throughout a portion of said oil field area, and one or more oil and gas zones extend in and under all of said oil field area. That the oil and gas zone commonly known as and hereinafter referred to as Meyer Zone, and the oil and gas zone com-

monly known as and hereinafter referred to as Upper Clark Zone, and the oil and gas zone commonly known as and hereinafter referred to as Lower Clark Zone, and the oil and gas zone commonly known as the Hathaway Zone, extend under the whole of the area of said oil field, but at varying depths and with varying thickness and content of oil and gas in the different parts of said oil field. That each of the other zones herein mentioned likewise extends under the lands of many separate owners in said oil field.

6. That said oil and gas zones in and under the said Santa Fe Springs Oil Field are commonly known as and are referred to herein as:

[fol. 38] (a) Foix Zone.
(b) Bell Zone.
(c) Meyer Zone.
(d) Upper Nordstrom Zone.
(e) Lower Nordstrom Zone.
(f) Upper Buckbee Zone.
(g) Lower Buckbee Zone.
(h) Upper O'Connell Zone.
(i) Lower O'Connell Zone.
(j) Upper Clark Zone.
(k) Lower Clark Zone.
(l) Hathaway Zone or Third Clark Zone.

7. That each of said zones is separated from the adjoining zones by impervious strata substantially parallel thereto, and frequently by strata of sand containing water, the end planes of said zones in many places being closed by strata containing water excluded from the oil and gas zone by the gas pressure therein. That each of said zones is of varying depth, and, so far as known, each of said zones has its greatest thickness in the vicinity of the intersection of the axes of the said oil field above described. That the upper plane of each of said zones nearest the surface, and from which the plane nearest the surface curves downward at an angle of approximately five degrees from the horizontal line, are defined and located substantially as follows:

| | | | | | |
|---|---|---|---|---|---|
| [fol. 39] (a) Foix Zone, | 3450 | feet | below | sea | level |
| (b) Bell Zone, | 3650 | " | " | " | " |
| (c) Meyer Zone, | 4100 | " | " | " | " |
| (d) Upper Nordstrom Zone, | 4900 | " | " | " | " |
| (e) Lower Nordstrom Zone, | 5250 | " | " | " | " |
| (f) Upper Buckbee Zone, | 5700 | " | " | " | " |
| (g) Lower Buckbee Zone, | 5800 | " | " | " | " |
| (h) Upper O'Connell Zone, | 6200 | " | " | " | " |
| (i) Lower O'Connell Zone, | 6400 | " | " | " | " |
| (j) Upper Clark Zone, | 6600 | " | " | " | " |
| (k) Lower Clark Zone, | 7200 | " | " | " | " |
| (i) Hathaway Zone, | 8000 | " | " | " | " |

8. That each of said zones in and under said oil field is filled with sand containing oil and gas under pressure in such manner that a portion of the oil is in the form of gasoline vapor, a portion of the gas is dissolved in the oil, a portion of the gas exists as a liquid which becomes a gas when the pressure is sufficiently lowered, a portion of the gas adheres to the surface or interfaces between the gases and liquids, and a portion exists as free gas. That when a well penetrates one of these zones, the gas pressure is released about the well, causing oil and gas to begin to flow through the zone toward the point of lower pressure at the well, and as the fluid flows toward the well there is a drop in the pressure throughout the zone. That the opening of a well into any zone disturbs the pressure of gas in all parts of the zone, and the gas produced or allowed [fol. 40] to escape from one well is replaced by gas and oil moved and drawn from all parts of the zone by the expansion of gas, as aforesaid. That gas underlying any given surface area is not fixed in place but is volatile and moves from place to place within the interstices of the zone sand as the pressure is relieved. That relator is informed and believes and upon his information and belief alleges that with the increase in the flow of gas through and out of any well or wells penetrating any zone of said oil field above a ratio of 2500 cubic feet of gas to a barrel of oil, the proportionate recovery of the oil in the sand of such zone is reduced, that the extent to which the ultimate recovery of oil in the sand is reduced varies with the increase in the rate of flow of gas, so that in some cases the ultimate loss of oil recovery from a zone is double what the loss of oil would

be were a lower ratio of gas discharge maintained from the wells penetrating said zone.

9. That relator is informed and believes and upon and according to his information and belief alleges that each and every withdrawal of gas by one operator through a well entering the sand of any one of said zones reduces the supply available to each other such operator of a well into said zone, and increases the difficulty of each operator in obtaining oil and gas through each other well drilled into [fol. 41] the said zone from the surface of the land, and that each and every such withdrawal of gas does and will reduce the gas pressure in the said zone throughout the whole of said zone as it extends in, under and through said Santa Fe Springs Oil Field. That the unreasonable waste of gas through any well entering the sand in any zone will be a continuing damage and injury to the People of the State of California and to each operator having the right to penetrate said zone and withdraw oil and gas or gas from said zone.

10. That the said area of land within said Santa Fe Springs Oil Field is divided into not less than 1145 parcels at the surface; that said parcels are owned of record by more than 110 individual and corporation owners; that many of said parcels are rectangles less than 75 feet by 100 feet, and that more than 41 operators have wells from the surface into one or more of the said zones above referred to. That two operators have wells from the surface into said Foix Zone; that 9 operators have wells from the surface into said Bell Zone; that 24 operators have wells from the surface into said Meyer Zone; that 7 operators have wells from the surface into said Upper Nordstrom Zone; that 5 operators have wells from the surface into said Lower Nordstrom Zone; that 14 operators have wells from the surface into said Upper Buckbee Zone; that 11 oper- [fol. 42] ators have wells from the surface into said Lower Buckbee Zone; that 23 operators have wells from the surface into the Upper O'Connell Zone; that 19 operators have wells from the surface into the Lower O'Connell Zone; that 14 operators have wells from the surface into the Upper Clark Zone; that 4 operators have wells from the surface into the Lower Clark Zone; and that 8 operators have wells from the surface into said Hathaway Zone. That attached

hereto is map marked Exhibit "A" hereby made a part of this Complaint and on said Exhibit "A" is located each of said parcels and each of said wells.

11. That as your relator is informed and believes and upon and according to his information and belief alleges the gas pressure has been so depleted and dissipated in the Foix Zone, the Bell Zone and the Meyer Zone that oil is produced from each of said zones only by pumping, resulting in increased costs to the operators of the wells producing oil from each of said three zones, and that in the sands of each of the other of said zones, and particularly in the Lower Buckbee Zone, the Upper O'Connell Zone, the Lower O'Connell Zone, the Upper Clark Zone, the lower Clark Zone and the Hathaway Zone are large quantities of natural gas under high pressure, which gas in each zone moves the oil to the wells penetrating such zone, and causes the oil and gas to discharge with great force at the surface [fol. 43] through and out of the wells from the sands in the said zone.

12. That there is now being unreasonably wasted, blown, released and allowed to escape into the air by the acts, commissions, sufferance or insistence of the defendants a large quantity of natural gas, and as relator is informed and believes, an aggregate of more than four hundred million cubic feet of natural gas (after the removal of the gasoline therefrom) is being so unreasonably wasted each day of twenty-four hours from the said subsurface zones of the Santa Fe Springs Oil Field herein referred to, which unreasonable waste of natural gas has continued for more than thirty days last past, and which the defendants threaten to continue indefinitely. That attached hereto and marked Exhibit "AA" is a list of the several wells from which the gas is being so unreasonably wasted, together with a description of their respective locations, and a statement of the approximate amount of gas taken from the wells under each lease and from each Zone and so unreasonably wasted during each twenty-four hours, together with a list of the names of the operators of each such well, and the name of the defendant in charge of such unreasonable waste of natural gas from said wells.

13. That the said defendants threaten and unless restrained by the injunction of this court will continue so to

[fol. 44] unreasonably waste the gas from the sands in said Zones of said Santa Fe Springs Oil Field until the gas pressure in said sands is depleted, and the People of the State of California and the owners of land within said area herein referred to as Santa Fe Springs Oil Field are deprived of the propulsive force of said gas in bringing oil to and through any wells, which they have drilled or may drill into the sands of said zone from their respective surface ownerships, and also be deprived of their share of the natural gas in the said common reservoir of gas and oil existing in the interstices of the sands of said zone, and also be deprived of a large part of the oil in the sands of said zone. That said unreasonable waste of gas exists and continues by the act, omission, sufferance and insistance of defendants and each of them. That defendants threaten, and unless enjoined and restrained by order of this court will continue to discharge, blow and waste into the air gas drawn from said wells, and each of said wells, until the gas throughout the sands of the said zones are so depleted, lost and wasted that they will no longer propel the oil in the sands of said zone toward and through the wells penetrating the said zone. That defendants for more than thirty days next last past have been, now are and each of them is wilfully permitting natural gas wastefully to escape into the atmosphere from wells in said Santa Fe Springs Oil Field [fol. 45] mentioned in Exhibit "A" hereto attached, and shown on map Exhibit "A" hereto attached.

14. That the gas so being unreasonably wasted and permitted to escape into the atmosphere can and should be saved and conserved by defendant operators in said Santa Fe Springs Oil Field for beneficial use by all the operators in said field, and by the People of the State of California, by confining said gas in the Zones of said field until said gas, with the gasoline removed, can be beneficially used for fuel, heat and power.

15. That a cubic foot of gas as referred to in this complaint is measured at a temperature of 60° F. and a pressure of 14.733 pounds per square inch and a barrel of oil as referred to herein contains 42 liquid gallons.

16. That the oil and gas under pressure in the sand of zones far below the surface of the earth, including each of

the zones hereinbefore mentioned, is a natural resource of the People of the State of California, and only to be taken possession of by the owners of the parcels of land above said zones according to boundaries upon the surface of the land, upon the conditions and in accordance with the rules and regulations from time to time provided by law.

17. That each owner of land within the said Santa Fe Springs Oil Field, or his grantee, lessee, or other successor [fol. 46] in title, including each of the defendants to this action, has a right and interest correlative with each and every other such owner to take possession of oil and gas from the common supply in the zones extending underneath the surface of the land within the area of said oil field, including the parcel owned by each such owner by wells drilled from his surface lands into said oil zones upon the conditions and in accordance with the regulations established from time to time by the State of California.

18. That in each of said zones is a widely extended common supply of such oil and gas extending throughout the said subsurface strata or done underlying the surface lands of all owners of land, according to surface description, within the said Santa Fe Springs Oil Field. That the unreasonable waste of natural gas by any lessor, lessee or operator through a well entering any one or more said sand zones will be a continuing damage and injury to the People of the State of California and to the aforesaid right of each other lessor, lessee or operator to produce oil and gas from said zone through wells drilled within his land into said zone.

19. That natural gas from said oil and gas zones in and under the surface of the land in said Santa Fe Springs Oil [fol. 47] Field for many years last past has been and now is being brought to the surface of the earth through wells extending into said zones, and after the gasoline has been removed therefrom the said gas has been and a large part of said gas now is being used in the generation of light, heat, power and used for other industrial purposes by the People of the said State of California, in the County of Los Angeles, and particularly in the City of Los Angeles, and other cities of said state in the vicinity thereof, to which places of use in said cities and county said gas, after

being brought to the surface of the earth through wells and the gasoline removed therefrom, has been and now is conducted through pipes and distributed and sold as a public utility service. By the use of natural gas so produced, distributed and sold, many hundreds of thousands of the People of the State of California are now and have been for many years last past continuously supplied with gas for fuel, heat and other domestic purposes.

20. That the fuel supplied by the natural gas obtained from these subsurface sand zones is the cheapest and best fuel known to mankind, and the value of the natural gas deposit in said subsurface zones of Santa Fe Springs Oil Field to the State of California and to its citizens in many millions of dollars; that since the discovery and bringing under control of the gas deposits is said Santa Fe [fol. 48] Springs Oil Field large sums of money have come into the State of California, and have been invested in large manufacturing plants, and other large sums of money belonging to the People of the State of California have been invested in similar manufacturing enterprises, causing a great increase in the population of said state, and said county. That many cities in and adjacent to said Santa Fe Springs Oil Field, including the City of Los Angeles, are dependent in a large measure for fuel upon natural gas, and for that reason the People of the State of California have become and are interested in the protection and continued preservation of the natural gas supply. That many millions of dollars invested in manufacturing and the production of electric power and other properties in and near said oil field are wholly dependent for their continued preservation, and for permanent value of their property upon said natural gas supply; that their location and establishment in the vicinity was due in large measure to the presence of natural gas being available from said oil field, without which such enterprises cannot operate at a profit and in the event the supply of natural gas should be exhausted many such enterprises, in which thousands of the citizens of the State of California find employment at remunerative wages, will be compelled to stop operation.

[fol. 49] 21. That in the City of Los Angeles and other cities in the vicinity of said Santa Fe Springs Oil Field, the inhabitants have for many years used increasing quan-

tities of natural gas for fuel; that their houses have in many instances been constructed with a view to the use of such fuel and have been equipped for the use of such fuel and will have to be differently equipped before other kinds of fuel can be used, and that such use of natural gas has become and is a source of great convenience and comfort. That as relator is informed and believes in the year 1928 there was a total production of natural gas from through wells from the subsurface oil and gas zones in the State of California in excess of 316,830,147,000 cubic feet, of which there was used more than 237,000,000,000 cubic feet, and less than 238,000,000,000 cubic feet as follows:

| | |
|---|---|
| For domestic and commercial uses | 34,000,000,000 |
| Industrial uses | 42,000,000,000 |
| Field use, shrinkage, etc. | 153,000,000,000 |
| Distribution and transmission losses | 8,000,000,000 |
| Wasted into the air | 77,000,000,000 |

That beginning with the month of October, 1928, and continuing until the present time, the production of natural gas as aforesaid has greatly increased and is increasing more rapidly than the same is being put to beneficial use, with the result that the proportion wasted into the air has [fol. 50] greatly increased since October, 1928, and is continuing to increase.

22. That the State of California, the County of Los Angeles, the City of Los Angeles, and other public corporations and state agencies relying upon the permanent supply of natural gas, have at great expense equipped many of their public institutions, including the Court House of the County of Los Angeles, the City Hall of the City of Los Angeles, the County Hospital of the County of Los Angeles, and other institutions owned and maintained by the said State of California and its various subdivisions for the use of natural gas as a fuel by which the cost of maintaining the public buildings and institutions above mentioned has been materially lessened and the comfort of their occupants greatly increased.

23. That the wealth of the State of California, and its revenues derived from taxation on account of the increased population and the various manufacturing plants that have

been fostered and supported by natural gas, have been greatly increased, and will, in the event that the supply of natural gas is unreasonably wasted so that it is no longer available to the People of the State, be correspondingly curtailed. That if the natural gas supply in said zones of the Santa Fe Springs Oil Field is husbanded and protected it will last for many years and continue to fur- [fol. 51] nish many of the inhabitants of the State of California with fuel, and the proportionate wealth and other material interests of the State of California, and particularly the subdivisions thereof hereinbefore mentioned will continue to be benefited and enhanced and the comfort of their inhabitants greatly increased.

24. That because of the acts of the defendants above described heretofore committed, and now continuing, the property of plaintiffs and of the State of California has been and will continue to be essentially interfered with, and the comfortable enjoyment of the lives of the People of the State of California residing in the vicinity of said Santa Fe Springs Oil Field, and in the City of Los Angeles and other cities above referred to will be greatly interrupted.

25. That in addition to the value of the gas unreasonably wasted from said wells, as aforesaid, the recoverable supply of oil and gas in the zones of said Santa Fe Springs Oil Field is greatly diminished by permitting said wells to flow freely without sufficient "back pressure" at the surface. That said back pressure is necessary throughout each of the said zones in the said Santa Fe Springs Oil Field in order to retard the rapid encroachment of edge water into each said zone, and the consequent displacement of the gas therein contained.

[fol. 52] 26. That the said defendants and each of them avow their purpose and threaten to permit said gas to flow continuously and indefinitely hereafter from each of their said wells, and after removing the gasoline from said gas to permit said gas to blow, escape and waste into the open air. That said defendants refuse to make any effort to confine the said gas, and the said defendants and each of them declare their purpose and threaten to drill other wells in said Santa Fe Springs Oil Field and permit the gas from the said zones in said field to flow and escape into the

open air, and that if said gas continues to flow from said wells, as aforesaid, the supply of natural gas upon which the citizens of the State of California depend in the said cities and municipalities above referred to as aforesaid, will be greatly and continuously diminished; that the pressure of said gas as found in the said Santa Fe Springs Oil Field will be greatly diminished, and that by diminishing the pressure in any of said zones water will accumulate in said zone and ultimately entirely displace and overcome said gas supply.

27. That the pressure of said natural gas in each of said zones into which defendants' wells are drilled causes the oil and gas to flow to the surface, and that the withdrawal of gas from said zone tends to destroy the flow of the oil toward and through each and all the wells bored into said [fol. 53] sand zone. That if defendants are permitted to unreasonably waste gas from their said wells into the open air, the pressure of gas in each of said zones will be so impaired and diminished that it will no longer force oil to the surface in any of the wells drilled into said zone throughout the said Santa Fe Springs Oil Field, and that other lessors, lessees and operators, will thereby be deprived of their equal and correlative right with said defendants to produce oil and gas for beneficial purposes from each of the said zones underlying their said properties. That if the said defendants continue to unreasonably waste natural gas as aforesaid, the other lessors, lessees and operators threaten that they too, in order to avail themselves of the said oil underlying their properties, to drill open wells into the said zones in said Santa Fe Springs Oil Field and permit the natural gas therefrom to escape and waste into the open air after removing the gasoline therefrom.

28. That the greatest value can and should be derived from the said gas by first using its propulsive power in the zone sands to force the oil to, through and out of the wells, and, after removing gasoline therefrom, further utilizing the heat units in said gas for domestic and industrial purposes.

[fol. 54] 29. That by the said acts of the said defendants and the threatened acts of the defendants, irreparable

injury has and will continue to result to the plaintiffs, People of the State of California, and to their property and to the properties of the citizens of the state in the said Santa Fe Springs Oil Field, and the cities and towns in the vicinity thereof; that a multiplicity of suits will be engendered to settle the rights between numerous persons interested in the said properties in said oil field and in the acts and threatened acts of said defendants, and that the plaintiffs and other persons interested are without any adequate remedy at law, and that a writ of injunction as hereinafter prayed for is their only adequate remedy.

Wherefore plaintiffs pray judgment as follows:

1. That an order issue forthwith requiring defendants and each of them to show cause before this court why a temporary restraining order and injunction should not issue, as herein prayed for; that upon said order to show cause coming on to be heard that a restraining order and injunction issue from this court prohibiting and restraining and enjoining said defendants, and each of them, and their respective attorneys, agents, servants and employees, and all persons acting in aid of them, or any of them, from the unreasonable waste of gas and from further suffering [fol. 55] or permitting the natural gas produced from or flowing in or to said wells, or any of them, or any part of said gas to escape or waste into the air, either before or after the removal of gasoline therefrom, and that said defendants and each of them, their agents, servants and employees, and all persons acting in aid or assistance of them, or any of them, be ordered, directed and commanded forthwith to securely confine the said gas in said wells and sands, and that the defendants, failing or refusing to do so, the Sheriff of the County of Los Angeles be ordered and directed forthwith to procure the necessary materials and labor, and under the direction of the State Oil and Gas Supervisor of the State of California, cause said wells to be shut in and the unreasonable waste of said gas prevented by causing said gas flow in or to or from said wells to be confined in the manner and by the means and to the extent that the said Oil and Gas Supervisor shall direct, so that not more than 2500 cubic feet of gas is produced to each barrel of oil, and that the expense of so doing

be taxed against the defendants respectively as a part of the cost of this suit;

2. Plaintiffs further pray that from time to time, on proper notice and showing, further orders to show cause, restraining orders and injunctions may issue during the pendency of this action;

[fol. 56] 3. Plaintiffs further pray that upon the final hearing of this cause said preliminary injunction be made permanent and said defendants and each of them, their respective attorneys, officers, agents, servants and employees, and all persons acting in aid or assistance of them, or any of them, be perpetually enjoined and prohibited from permitting an unreasonable waste of gas and from further suffering gas from said wells, or any of them, or any other wells drilled or operated by them or any of them in said Santa Fe Springs Oil Field, to escape into the air, either before or after removing the gasoline therefrom, and that defendants be forever commanded to confine said natural gas safely and securely, in said wells or as required for use without waste, in pipes, tanks and other proper receptacles, and not to permit any of said gas to escape or waste into the open air, either before or after the removal of gasoline therefrom; and

4. That the plaintiffs have such other and further relief as may be meet and proper in the premises, and recover their costs of suit herein.

James S. Bennett, Attorney for Plaintiffs, 837 Van Nuys Building, Los Angeles, California.

[fol. 57] State of California,
County of Sacramento, ss:

Fred G. Stevenot, being by me first duly sworn, deposes and says: That he is the Director of Natural Resources of the State of California, named as relator in the above entitled complaint and bringing the above entitled action for the People of the State of California, Plaintiffs; that he has read the foregoing complaint and knows the contents thereof; and that the same is true of his own knowledge except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true. That affiant makes this verification as

said Director of Natural Resources of the State of California for and on behalf of plaintiffs, People of the State of California.

Fred G. Stevenot.

Subscribed and sworn to before me this 10th day of Sept., 1929. F. G. Griebnow, Jr., Notary Public in and for the County of Sacramento, State of California. My commission expires 1/19/33. (Seal.)

7292

BANDINI PETROLEUM CO.

v.

SUPERIOR COURT

RESPONDENTS' EXHIBIT A

Dist. Court of Appeal, Second Dist. Filed Apr. 21, 1930. H. C. Lillie, Clerk. C. L. King, Deputy Clerk.

(Here follows Exhibit A, side folio 57a)

EXHIBIT A-A TO COMPLAINT—TABLES

Filed September 11, 1929. L. E. Lampton, county clerk; by W. D. Buckey, deputy.

(Here follows Exhibit AA, side folio 57b and 57c)

FOLD-OUT IS TOO LARGE TO BE FILMED

| Defendant Company | Lease Name | Well No. | Zone | Location & Descriptio |
|---|---|---|---|---|
| Star Petroleum Co. | Star | No. 2 | Nordstrom | 45′ N. from C-L of Gardner Avenue & |
| The Texas Co. | Baldwin | No. 4 | O'Connell | 100′ N. & 125 E. from S. W. corner o |
| " " | Batson | No. 5 | O'Connell | 160′ N. & 173.44′ E. from C-L Norwa |
| " " | Foix | No. 4 | O'Connell | 150′ N. & 111.87′ E. from C-L Willis |
| " " | " | No. 6 | O'Connell | 170′ N. & 182.5′ E. from C-L Spring |
| " " | Matern No. 3 | No. 11 | O'Connell | 168′ N. & 84.42′ W. from C-L Park |
| " " | Mutual | No. 2 | O'Connell | 57′ S. & 145′ W. from C-L Butler Ro |
| " " | Standlee | No. 4 | O'Connell | 115.5′ N. & 120′ W. from S. E. corn |
| " " | Steinly | No. 4 | O'Connell | 50′ S. & 63′ W. from C-L of Spring |
| " " | " | No. 6 | Lower Clarke | 115′ N. & 176′ E. from S. W. corner |
| " " | Weaver | No. 4 | O'Connell | 50′ N. & 291′ W. from C-L of Park |
| " " | " | No. 5 | O'Connell | 70′ S. & 363′ W. from C-L Spring S |
| " " | " | No. 7 | O'Connell | 70′ S. & 113′ E. from C-L Spring Stre |
| Twin Bell Oil Syndicate | Wickman | No. 3 | O'Connell | 200′ S. & 150′ E. from C-L of Centra |
| Union Oil Company of California | Grohs | All Wells | | |
| " " " | Alexander | No. 2 | Bell | 1180′ S. & 1500′ W. of N. E. corner o |
| " " " | " | No. 16 | O'Connell | 770′ N. & 1020′ E. of C-L Norwalk |
| " " " | Bell | No. 21 | Meyer | 662.5′ N. & 1780′ W. from S. E. co |
| " " " | " | No. 23 | Meyer | 905.1′ S. & 344′ W. from N. E. corn |
| " " " | " | No. 31 | Nordstrom | 430′ N. & 1090′ W. from C-L Telegr |
| " " " | " | No. 33 | Nordstrom | 145′ N. & 571.05′ W. from C-L Teleg |
| " " " | Bell-"A" | No. 30 | O'Connell | 430′ S. & 165′ E. from C-L Telegrap |
| " " " | Farwell | No. 9 | Meyer | 509.5′ N. & 380′ E. from S. W. corn |
| " " " | " | No. 13 | O'Connell | 500′ N. & 280′ E. from C-L Central |
| " " " | " | No. 14 | O'Connell | 910′ N. of C-L of Telegraph Road & |
| " " " | Howard | No. 10 | O'Connell | 550′ N. of S. line Sec. 31 & 150′ E. |
| " " " | " | No. 11 | O'Connell | 150′ N. of S. line Sec. 31 & 460′ E. fr |
| " " " | " | No. 12 | O'Connell | 600′ N. of S. line Sec. 31 & 200′ W. |
| Dry gas, in addition to the above & belonging to the Union Oil Company of California, blow | | | | |
| | | | | Union Oil Co. of Calif—Bell Ab |
| | | | | Industrial Fuel Supply Co.—Plan |
| Universal Consolidated Oil Co. | Blanchard | All Wells | | |
| " " | O'Connell | All Wells | | |
| Wilshire Oil Co. | Cecelia | No. 1-B | O'Connell | 60′ N. & 25′ W. from S. E. corner of |
| | Baker | No. 6 | Lower Clarke | 51′ S. & 408′ W. of C-L of Butler Ro |
| | Peterson | No. 2-A | O'Connell | 111′ N. & 59′ E. from intersections o |
| Wilshire Annex Oil Co. | Eagle | "Annex Eagle" | | |
| | | No. 1 | O'Connell | 21′ S. & 230′ W. of N. E. corner of |
| York & Smullen | Wickman | No. 5 | O'Connell | 75′ S. & 50′ W. from N. E. corner o |

| Location & Description in Santa Fe Springs Oil Field. | | Gas Blown to the Air in M. C. F. Per Day. |
|---|---|---|
| rom C-L of Gardner Avenue & 125 E. from S. W. corner stake | (Sec. 6, T. 3 S., R. 11 W.) | 1500 |
| & 125 E. from S. W. corner of Baldwin Lease | (Sec. 6, T. 3 S., R. 11 W.) | 8000 |
| & 173.44′ E. from C-L Norwalk Road & Telegraph Road | (Sec. 6, T. 3 S., R. 11 W.) | 6500 |
| & 111.87′ E. from C-L Willis Avenue & Telegraph Road | (Sec. 6, T. 3 S., R. 11 W.) | 10000 |
| & 182.5′ E. from C-L Spring Street & Telegraph Road | (Sec. 6, T. 3 S., R. 11 W.) | |
| & 84.42′ W. from C-L Park Avenue & Norwalk Road | (Sec. 6, T. 3 S., R. 11 W.) | 5000 |
| 145′ W. from C-L Butler Road & Curtis Avenue | (Sec. 6, T. 3 S., R. 11 W.) | 650 |
| . & 120′ W. from S. E. corner of Standlee Lease | (Sec. 6, T. 3 S., R. 11 W.) | 11000 |
| 63′ W. from C-L of Spring Street & Clark Avenue | (Sec. 6, T. 3 S., R. 11 W.) | 5000 |
| & 176′ E. from S. W. corner of Steinly Lease | (Sec. 6, T. 3 S., R. 11 W.) | 5000 |
| 291′ W. from C-L of Park Avenue & Spring Street | (Sec. 6, T. 3 S., R. 11 W.) | 4000 |
| 363′ W. from C-L Spring Street & Telegraph Road | (Sec. 6, T. 3 S., R. 11 W.) | 4000 |
| 113′ E. from C-L Spring Street & Telegraph Road | (Sec. 6, T. 3 S., R. 11 W.) | 4000 |
| & 150′ E. from C-L of Central Avenue & Telegraph Road | (Sec. 5, T. 3 S., R. 11 W.) | 4000 |
| | (Sec. 6, T. 3 S., R. 11 W.) | 5000 |
| & 1500′ W. of N. E. corner of Sec. 31 | (Sec. 6, T. 3 S., R. 11 W.) | 1500 |
| & 1020′ E. of C-L Norwalk Road & Telegraph Road | (Sec. 6, T. 3 S., R. 11 W.) | 1800 |
| . & 1780′ W. from S. E. corner of Sec. 31 | (Sec. 31, T. 2 S., R. 11 W.) | 900 |
| & 344′ W. from N. E. corner of Sec. 6 | (Sec. 6, T. 3 S., R. 11 W.) | 1100 |
| & 1090′ W. from C-L Telegraph Road & Butler Road | (Sec. 6, T. 3 S., R. 11 W.) | 4500 |
| & 571.05′ W. from C-L Telegraph Road & Butler Road | (Sec. 6, T. 3 S., R. 11 W.) | 2600 |
| & 165′ E. from C-L Telegraph Road & Norwalk Road | (Sec. 6, T. 3 S., R. 11 W.) | 2800 |
| & 380′ E from S. W. corner of Sec. 32 | (Sec. 32, T. 2 S., R. 11 W.) | 1000 |
| & 280′ E. rrom C-L Central & Telegraph Road | (Sec. 5, T. 3 S., R. 11 W.) | 1300 |
| of C-L of Telegraph Road & 200′ E. from C-L of Romandel | (Sec. 5, T. 3. S., R. 11 W.) | |
| of S. line Sec. 31 & 150′ E. from C-L Norwalk Road | (Sec. 31, T. 2 S., R. 11 W.) | |
| of S. line Sec. 31 & 460′ E. from C-L Norwalk Road | (Sec. 31, T. 2 S., R. 11 W.) | 22000 |
| of S. line Sec. 31 & 200′ W. of E. property line | (Sec. 31, T. 2 S., R. 11 W.) | |
| Company of California, blown to the air at: | | |
| on Oil Co. of Calif—Bell Absorption Plant | | 90000 |
| ustrial Fuel Supply Co.—Plant No. 4 | | 14000 |
| | (Sec. 6, T. 3 S., R. 11 W.) | 14000 |
| | (Sec. 5, T. 3 S., R. 11 W.) | |
| 25′ W. from S. E. corner of Block 83 | (Sec. 6, T. 3 S., R. 11 W.) | 1000 |
| 408′ W. of C-L of Butler Road & Little Lake Road | (Sec. 6, T. 3 S., R. 11 W.) | 1000 |
| .59′ E. from intersections of C-Ls of Gardner & Willis Street | (Sec. 6, T. 3 S., R. 11 W.) | 1000 |
| 230′ W. of N. E. corner of Block 83 | (Sec. 6, T. 3 S., R. 11 W.) | 2000 |
| 50′ W. from N. E. corner of Wickman Lease | (Sec. 5, T. 3 S., R. 11 W.) | 8000 |

[fol. 58] EXHIBIT 2 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Order to Show Cause

The above named plaintiffs, People of the State of California, by Fred G. Stevenot, Director of Natural Resources of the State of California, having filed their verified complaint in the Superior Court of the State of California, in and for the County of Los Angeles, against the defendants in said complaint and hereinafter named, praying for an order to show cause why preliminary injunction should not issue and a preliminary injunction be issued against the above named defendants, and each of them, their respective attorneys, agents, servants and employees and all persons acting in aid or in conjunction with said defendants, or any of them, requiring them to refrain from certain acts set forth in said complaint and hereinafter more particularly mentioned; and

The Court having read the verified complaint herein and it satisfactorily appearing to the court therefrom that good [fol. 59] cause exists in the matter requiring cause to be shown why a preliminary injunction should not be granted restraining and prohibiting the said defendants and each of them, their respective attorneys, agents, servants and employees, and all other persons acting in aid or in assistance of said defendants or any of them as prayed for by said complaint;

It Is Therefore Ordered, Adjudged and Decreed that defendants Associated Oil Company, General Petroleum Corporation of California, Richfield Oil Company of California, Standard Oil Company of California, The Texas Com-

pany, Shell Oil Company, Union Oil Company of California, Industrial Fuel Supply Company, Rio Grande Gasoline Company, Standard Gasoline Company. The Norwalk Company, Ambassador Petroleum Co., Bandini Petroleum Company, Bell View Oil Syn., Buckeye Union Oil Company, Commodore Petroleum Company, Cooperative Oil Syndicate of Santa Fe Springs, Tom Donley Land & Oil Company, Elliott Consolidated Oil Company, Graham-Loftus Oil Corp., Oscar R. Howard, Jameson Petroleum Company, C. C. Julian, Raleigh Oil Company, Reed & Berliner, Inc., George W. Ring, Rio Grande Oil Company, Second Twin Bell Syn., The St. Helens Petroleum Co., Ltd., Star Petroleum Company, Sunset Pacific Oil Company, Superior Oil Company, Syndicate Company, Twin Bell Oil Syn., United [fol. 60] States Oil and Royalties Company, Universal Consolidated Oil Company, Whiston & Cox Oil Company, Whittier Santa Fe Springs Oil Syn. No. 1, George F. Getty, Inc., Wilshire Annex Oil Co., Wilshire Oil Co., Inc., H. A. Bardeen, K. G. Pulliam, John Doe York, Richard Roe Smullin, John Doe I, John Doe II, John Doe III, Mohawk Petroleum Company, Richard Roe One Company, Richard Roe Two Company, Richard Roe Three Company, and each of you, be and appear before this court, at the courtroom of Department 8 thereof in the Courthouse of the County of Los Angeles at the City of Los Anegeles, State of California on the 20th day of September, 1929, at 10:00 o'clock in the forenoon, then and there to show cause why a preliminary injunction should not be granted as prayed for in said complaint enjoining and restraining you and each of you, your respective attorneys, agents, servants and employees, and all persons acting in aid of you or any of you during the pendency of this action from the unreasonable waste of natural gas and from further suffering or permitting the natural gas produced from or flowing in or to oil wells, or any oil well in Santa Fe Springs Oil Field or any part of said gas to escape or waste into the air, either before or after the removal of gasoline therefrom, and that said defendants and each of them, their agents, servants and employees, and all persons acting in aid or [fol. 61] assistance of them, or any of them, be ordered, directed and commanded forthwith to securely confine the said gas in said wells and sands of said Santa Fe Springs Oil Field, and that the defendants, failing or refusing to

do so, the Sheriff of the County of Los Angeles be ordered and directed forthwith to procure the necessary materials and labor, and under the direction of the State Oil and Gas Supervisor of the State of California, cause said wells to be shut in and the unreasonable waste of said gas prevented by causing said gas flowing in or to or from said wells and each of them to be confined in the manner and by the means and to the extent that the said Oil and Gas Supervisor shall direct, so that not more than 2500 cubic feet of gas is produced to each barrel of oil from any well, and that the expense of so doing be taxed against defendants respectively as a part of the cost of this suit.

That Santa Fe Springs Oil Field as herein referred to is that portion of the Rancho Santa Gertrudes, in the County of Los Angeles, and in Oil and Gas District No. 1, State of California, more particularly described as follows:

The Southeast quarter of Section 36, Township 2 South, Range 12 West, and the East half of Section 1, Township 3 South, Range 12 West, and the South half of Section 31, Township 2 South, Range 11 West, and all of Section [fol. 62] 5 and all of Section 6, and the North half of Section 7 of Township 3 South, Range 11 West.

That the time for the service of this order to show cause is hereby shortened and may be served at any time prior to 7:00 o'clock p. m. on Monday, September 16th, 1929.

Done in open court this 11th day of September, 1929.

Elliott Craig, Judge of the Superior Court of the State of California in and for the County of Los Angeles.

[fol. 63] EXHIBIT 3 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of Reed D. Bush

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

I, Reed D. Bush, being first duly sworn, depose and say:

That I was born on March 5, 1884; that I attended the University of California, Berkeley, California, 1903-06 and 1907-09, in the College of Civil Engineering. A course in geology was included among other subjects.

That from 1909 to 1915 I was resident geologist and petroleum engineer of Southern Pacific Company, Fuel Oil Department (afterwards Pacific Oil Company); that I was Assistant Manager of Federal Drilling Company 1915-1916; that I was petroleum engineer and Deputy Supervisor, California State Mining Bureau at Coalinga, Fresno County, and at Taft, Kern County, in the Sunset-Midway oil fields from 1916 to 1920; that I was superintendent of production [fol. 64] for Kansas, of Empire Gas and Fuel Company, 1920 to 1923; that I was State Oil and Gas Supervisor of California, 1923 to date. That I am a member of the American Institute of Mining and Metallurgical Engineers and a member of the President's Naval Oil Reserve Commission.

That I am familiar with the lands embraced in the Santa Fe Springs oil field in the County of Los Angeles, State of California, and with the production of oil and gas from the wells in said field, and with the amounts of gas being wasted in said field, by reason of having supervision of oil field operations in the work of the State Department of Natural Resources, Division of Oil and Gas. That I am

familiar with similar conditions existing in other oil fields of California, both in the production of oil and gas and waste of gas in connection with the work of supervision of operations by the said Division of Oil and Gas.

That the conditions hereinafter mentioned as existing in Santa Fe Springs oil field in the County of Los Angeles, said state, are prevalent in the other oil fields in the other oil and gas districts, and the use of natural gas as herein mentioned is prevalent over a large portion of the State of California.

That Santa Fe Springs oil field as herein referred to is that portion of the Rancho Santa Gertrudes, in the County [fol. 65] of Los Angeles, and in Oil and Gas District No. 1, State of California, more particularly described as follows:

The Southeast quarter of Section 36, Township 2 South, Range 12 West, and the East half of Section 1, Township 3 South, Range 12 West, and the South half of Section 31, Township 2 South, Range 11 West, and all of Section 5 and all of Section 6, and the North Half of Section 7 of Township 3 South, Range 11 West.

That the axes of said oil field intersect near the southeast corner of Fulton Road and Willis Street, within the boundaries of said oil field, all of which is shown on map Exhibit "A" attached to and made a part of the complaint filed herein.

That underlying the surface of the land at various depths and within the said Santa Fe Springs oil field as above described, are twelve (12) separate oil and gas zones, some of which extend throughout the whole of said oil field area, and some of which zones extend only throughout a portion of said oil field area, and one or more oil and gas zones extend in and under all of said oil field area. That the oil and gas zone commonly known as and hereinafter referred to as Meyer Zone, and the oil and gas zone commonly known as and hereinafter referred to as Upper Clark Zone, and [fol. 66] the oil and gas zone commonly known as and hereinafter referred to as Lower Clark Zone, and the oil and gas zone commonly known as the Hathaway Zone, extend under the whole of the area of said oil field, but at varying depths and with varying thickness and content of oil and gas in the different parts of said oil field. That each of the other zones herein mentioned likewise extends under the lands of many separate owners in said oil field.

That said oil and gas zones in and under the said Santa Fe Springs oil field are commonly known as and are referred to herein as:

(a) Foix Zone.
(b) Bell Zone.
(c) Meyer Zone.
(d) Upper Nordstrom Zone.
(e) Lower Nordstrom Zone.
(f) Upper Buckbee Zone.
(g) Lower Buckbee Zone.
(h) Upper O'Connell Zone.
(i) Lower O'Connell Zone.
(j) Upper Clark Zone.
(k) Lower Clark Zone.
(l) Hathaway Zone or Third Clark Zone.

That each of said zones is separated from the adjoining zones by impervious strata substantially parallel thereto, and frequently by strata of sand containing water, the end [fol. 67] planes of said zones in many places being closed by strata containing water excluded from the oil and gas zone by the gas pressure therein. That each of said zones is of varying depth, and, so far as known, each of said zones has its greatest thickness in the vicinity of the intersection of the axes of the said oil field above described. That the uper plane of each of said zones nearest the surface, and from which the plane nearest the surface curves downward at an angle of approximately five degrees from the horizontal line, are defined and located substantially as follows:

| | | | | | |
|---|---|---|---|---|---|
| (a) Foix Zone, | 3450 | feet | below | sea | level. |
| (b) Bell Zone, | 3650 | " | " | " | " |
| (c) Meyer Zone, | 4100 | " | " | " | " |
| (d) Upper Nordstrom Zone, | 4900 | " | " | " | " |
| (e) Lower Nordstrom Zone, | 5250 | " | " | " | " |
| (f) Upper Buckbee Zone, | 5700 | " | " | " | " |
| (g) Lower Buckbee Zone, | 5800 | " | " | " | " |
| (h) Upper O'Connell Zone, | 6200 | " | " | " | " |
| (i) Lower O'Connell Zone, | 6400 | " | " | " | " |
| (j) Upper Clark Zone, | 6600 | " | " | " | " |
| (k) Lower Clark Zone, | 7200 | " | " | " | " |
| (l) Hathaway Zone, | 8000 | " | " | " | " |

That each of said zones in and under said oil field is filled with sand containing oil and gas under pressure in such manner that a portion of the oil is in the form of gasoline vapor, a portion of the gas is dissolved in the oil, a portion of the gas exists as a liquid which becomes a gas when the [fol. 68] pressure is sufficiently lowered, a portion of the gas adheres to the surface or interfaces between the gases and liquids, and a portion exists as free gas. That when a well penetrates one of these zones, the gas pressure is released about the well, causing oil and gas to begin to flow through the zone, toward the point of lower pressure at the well, and as the fluid flows toward the well there is a drop in the pressure throughout the zone. That the opening of a well into any zone disturbs the pressure of gas in all parts of the zone, and the gas produced or allowed to escape from one well is replaced by gas and oil moved and drawn from all parts of the zone by the expansion of gas, as aforesaid. That gas underlying any given surface area is not fixed in place but is volatile and moves from place to place within the interstices of the zone sand as the pressure is relieved. That with the increase in the flow of gas through and out of any well or wells penetrating any zone of said oil field above a ratio of 2500 cubic feet of gas to a barrel of oil, the proportionate recovery of the oil in the sand of such zone is reduced. That the extent to which the ultimate recovery of oil in the sand is reduced varies with the increase in the ratio of flow of gas per barrel of oil. That the ultimate loss of oil recovery from a zone is greatly increased by a corre- [fol. 69] sponding increase in the ratio of gas discharge from the wells penetrating said zone.

That each and every withdrawal of gas by one operator through a well entering the sand of any one of said zones reduces the supply available to each other such operator of a well into said zone, and increases the difficulty of each operator in obtaining oil and gas through each other well drilled into the said zone from the surface of the land, and that each and every such withdrawal of gas does and will reduce the gas pressure in the said zones and throughout the whole of said zone as it extends in, under and through said Santa Fe Springs oil field. That the waste of gas through any well entering the sand in any zone will be a continuing damage and injury to the People of the State of California

and to each operator having the right to penetrate said zone and withdraw oil and gas or gas from said zone.

That in the sands of the Lower Buckbee Zone, the Upper O'Connell Zone, the Lower O'Connell Zone, the Upper Clark Zone, the Lower Clark Zone and the Hathaway Zone are large quantities of natural gas under high pressure, which gas in each zone moves the oil to the wells penetrating such zone, and causes the oil and gas to discharge with great force at the surface through and out of the wells from the sands in the said zone.

Reed D. Bush.

[fol. 70] Subscribed and sworn to before me, a notary public in and for the City and County of San Francisco, State of California, this 7th day of September, 1929. Anne F. Hasty, Notary Public in and for the City and County of San Francisco, State of California. My commission expires September 20, 1931. 101 Market St., San Francisco, Cal. (Seal.)

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[fol. 71] EXHIBIT 4 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of Emile Huguenin

Emile Huguenin, being first duly sworn, deposes and says:

That he is a graduate of the University of California, College of Mines, 1909; that he is now and has been Deputy State Oil and Gas Supervisor since March, 1923, in charge of District 2 (Ventura County) March, 1923, to April, 1924,

District 4 (Kern County), May, 1924, to July 1925, District 1 (Los Angeles and Orange Counties), August, 1925, to date; that he has supervised drilling operations at Santa Fe Springs since August, 1925, and more particularly since the discovery of the Buckbee Zone in July, 1928, and in connection with this supervision has become and is familiar with the development and conditions of each of the deep zones at Santa Fe Springs Oil Field.

That Santa Fe Springs Oil Field as herein referred to is that portion of the Rancho Santa Gertrudes, in the [fol. 72] County of Los Angeles, and in Oil and Gas District No. 1, State of California, more particularly described as follows:

The Southeast quarter of Section 36, Township 2 South, Range 12 West, and the East half of Section 1, Township 3 South, Range 12 West, and the South half of Section 31, Township 2 South, Range 11 West, and all of Section 5 and all of Section 6, and the north half of Section 7 of Township 3 South, Range 11 West.

That the lines of cross section to mark intersecting vertical planes in the field best disclosing underground conditions in the different zones intersect near the southeast corner within the boundaries of said oil field, all of which is shown on map Exhibit "A" attached to and made a part of the complaint filed herein.

That underlying the surface of the land at various depths and within the said Santa Fe Springs Oil Field as above described, are twelve (12) separate oil and gas zones, some of which extend throughout the whole of said oil field area, and some of which zones extend only throughout a portion of said oil field area, and one or more oil and gas zones extend in and under all of said oil field area. That the oil and gas zone commonly known as and hereinafter referred to as Meyer Zone, and the oil and gas zone commonly known as and hereinafter referred to as Upper [fol. 73] Clark Zone, and the oil and gas zone commonly known as and hereinafter referred to as Lower Clark Zone or Second Clarke Zone, and the oil and gas zone commonly known as the Hathaway Zone and sometimes as Third Clark Zone, extend under the whole of the area of said oil field, but at varying depths and with varying thickness and content of oil and gas in the different parts of said oil field. That each of the other zones herein mentioned likewise

extends under the lands of many separate owners in said oil field.

That said oil and gas zones in and under the said Santa Fe Springs Oil Field are commonly known as and are referred to herein as:

(a) Foix Zone.
(b) Bell Zone.
(c) Meyer Zone.
(d) Upper Nordstrom Zone.
(e) Lower Nordstrom Zone.
(f) Upper Buckbee Zone.
(g) Lower Buckbee Zone.
(h) Upper O'Connell Zone.
(i) Lower O'Connell Zone.
(j) Upper Clark Zone.
(k) Lower Clark Zone or Second Clarke Zone.
(l) Hathaway Zone or Third Clark Zone.

That each of said zones is separated from the adjoining zones by impervious strata substantially parallel thereto, [fol. 74] and frequently by strata of sand containing water, the end planes of said zones in many places being closed by strata containing water excluded from the oil and gas zone by the gas pressure therein. That each of said zones is of varying depth, and, so far as known, each of said zones has its greatest thickness in the vicinity of the intersection of the axes of the said oil field above described. That the upper plane of each of said zones nearest the surface, and from which the plane nearest the surface curves downward at an angle of approximately five degrees from the horizontal line, are defined and located substantially as follows:

[fol. 75]

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (a) Foix Zone, | 3450 | feet | below | the | surface | of | the | land. |
| (b) Bell Zone, | 3650 | " | " | " | " | " | " | " |
| (c) Meyer Zone, | 4050 | " | " | " | " | " | " | " |
| (d) Upper Nordstrom Zone, | 4900 | " | " | " | " | " | " | " |
| (e) Lower Nordstrom Zone, | 5250 | " | " | " | " | " | " | " |
| (f) Upper Buckbee Zone, | 5550 | " | " | " | " | " | " | " |
| (g) Lower Buckbee Zone, | 5750 | " | " | " | " | " | " | " |
| (h) Upper O'Connell Zone, | 6200 | " | " | " | " | " | " | " |
| (i) Lower O'Connell Zone, | 3400 | " | " | " | " | " | " | " |
| (j) Upper Clark Zone, | 6600 | " | " | " | " | " | " | " |
| (k) Lower Clark Zone, | 7200 | " | " | " | " | " | " | " |
| (l) Hathaway Zone, | 8000 | " | " | " | " | " | " | " |

[fol. 76] That the surface of the land is 150 feet more or less above sea level.

That the said area of land within said Santa Fe Springs Oil Field is divided into not less than 1145 parcels at the surface; that said parcels are owned of record by more than 110 individual and corporation owners; that many of said parcels are rectangles less than 75 by 100 feet, and that more than 41 operators have wells from the surface into one or more of the said zones above referred to. That two operators have wells from the surface into said Foix Zone; that 9 operators have wells from the surface into said Bell Zone; that 24 operators have wells from the surface into said Meyer Zone; that 7 operators have wells from the surface into said Upper Nordstrom Zone; that 5 operators have wells from the surface into said Lower Nordstrom Zone; that 14 operators have wells from the surface into said Upper Buckbee Zone; that 11 operators have wells from the surface into said Lower Buckbee Zone; that 23 operators have wells from the surface into the Upper O'Connell Zone; that 19 operators have wells from the surface into the Lower O'Connell Zone; that 14 operators have wells from the surface into the Upper Clark Zone; that 4 operators have wells from the surface into the Lower or Second Clark Zone; that 8 operators have wells from the [fol. 77] surface into said Hathaway or Third Clark Zone. That attached to the complaint is map marked Exhibit "A" hereby made a part of this affidavit and on said Exhibit "A" is located each of said parcels and each of said wells. That in the sands of the Lower Buckbee Zone, the Upper O'Connell Zone, the Lower O'Connell Zone, the Upper Clark Zone, the Lower or Second Clark Zone and the Hathaway or Third Clarke Zone are large quantities of natural gas under high pressure, which gas causes the oil and gas to discharge with great force at the surface through and out of the wells from the sands in the said zone.

That there is now being wasted, blown, released and allowed to escape into the air by the acts, omissions, sufferance or insistence of the defendants an aggregate of more than four hundred million cubic feet of natural gas (after the removal of the gasoline therefrom) each day of twenty-four hours from the said subsurface zones of the Santa Fe Springs Oil Field herein referred to, which discharge of natural gas has continued for more than thirty days next

last past. That attached to the complaint herein and marked Exhibit "AA" is a list of the several wells from which the gas is being so blown, released and allowed to escape into the air, together with a description of their respective locations, and a statement of the approximate amount of gas blown from each of the wells under each lease and from each Zone during each twenty-four hours, together with a list of the names of the defendant operators of each such well, and the name of the defendant in charge [fol. 78] of the blowing into the air of natural gas from each of said wells.

That the gas so being blown, released and allowed to escape into the atmosphere can be saved and conserved by defendant operators in said Santa Fe Springs Oil Field by confining said gas in the Zones of said field.

That a cubic foot of gas as referred to in this affidavit is measured at a temperature of 60° F. and a pressure of 14.733 pounds per square inch, and a barrel of oil as referred to herein contains 42 liquid gallons.

That in addition to the value of the gas unreasonably wasted from said wells, as aforesaid, the recoverable supply of oil and gas in the zones of said Santa Fe Springs Oil Field is greatly diminished by permitting said wells to flow freely without sufficient "back pressure" at the surface. That said back pressure is necessary throughout each of the said zones in the said Santa Fe Springs Oil Field in order to retard the rapid encroachment of edge water into each said zone, and the consequent displacement of the gas therein contained.

Emile Huguenin.

Subscribed and sworn to before me this 11th day of September, 1929. Theda S. Bradley, Notary Public in and for the County of Los Angeles, State of California. (Seal.)

[fol. 79] EXHIBIT 5 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

THE PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants.

Affidavit of E. G. Gaylord

STATE OF CALIFORNIA,
City of San Francisco,
County of San Francisco, ss:

E. G. Gaylord, being first duly sworn, deposes and says that:

He graduated from the College of Mining of the University of California, in 1911.

That for the ten years following he was in the employ of the various oil subsidiaries of the Southern Pacific Company as Geologist and Petroleum Engineer.

From 1921 to 1926 he was Geologist and later Assistant Manager of Development for the Pacific Oil Company.

Since April, 1926, he has been Chief Petroleum Engineer of the Standard Oil Company of California, and because of his education and experience he is thoroughly familiar with the behavior of producing wells and with the [fol. 80] present knowledge regarding the function of gas in the recovery of oil from oil wells.

That in his present position he has charge of all the Petroleum Engineering work of the Company which includes technical supervision over the drilling, completion and operation of oil wells in the Santa Fe Springs Field, and that he is therefore entirely familiar with the development of that field and with the present producing conditions from the several zones in that field.

The flow of oil through an oil zone well is caused chiefly by natural gas which seeks the well as a point of diminishing pressure. The ultimate recovery of oil from oil sand depends largely upon the quantity of gas available in the sand for carrying oil to the wells. The ratio of the original quantity of gas to the oil in different oil and gas sands varies greatly, but because of the important part played by natural gas in the recovery of oil, the conservation of natural gas is of the utmost importance to every oil operator and to the community dependent upon a continued supply of oil or gas or both.

In two adjacent wells producing from the same zone the quantity of gas produced per barrel is to a large extent a measure of the relative efficiency in oil recovery of these two wells. If one of these wells produces a barrel of oil with five hundred (500) cubic feet of natural gas and the [fol. 81] other a barrel of oil with one thousand (1,000) cubic feet of gas, the first well is believed to be much more efficient than the second well, and while it cannot be assumed in the light of present information that a well will ultimately produce twice as much oil if it can be controlled to produce at the rate of five hundred (500) cubic feet instead of one thousand (1,000) cubic feet of gas per barrel of oil, nevertheless it can be stated that the ultimate production of a well will be greatly increased if the quantity of gas discharged from the well can be delayed.

Before an oil field is tapped by the first well, it is probable that the gas pressure in the sand of a well-defined zone is uniform throughout the productive limits of the zone. As producing wells are completed the gas pressure in the zone is lowered, but because of the resistance offered to the passage of oil and gas through the pores of the oil sand the lowering of the pressure does not take place uniformly throughout the zone. Each well is a point of low pressure as compared to the oil and gas sands in the zone some distance from that well, and the greater the differential pressure in favor of the well, the greater the flow of gas toward the well. Back pressure in the well will usually increase the ultimate recovery of oil and reduce the daily production.

In the Santa Fe Springs Field there are recognized at least eight separate and distinct oil and gas zones. Gen-

[fol. 82] erally, each of these zones must be produced separately by wells drilled to that zone alone. These zones differ in the original ratio of their gas and oil content but the general statement as to efficiency of production made above holds for each of these separate zones. It is the commonly accepted belief that each of said zones in and under said oil field is filled with sand containing oil and gas under pressure in such manner that a portion of the oil is in the form of gasoline vapor, a portion of the gas is dissolved in the oil, a portion of the gas exists as a liquid which becomes a gas when the pressure is sufficiently lowered, a portion of the gas adheres or interfaces between the gases and liquids, and a portion exists as free gas. That the gas dissolved in the oil makes the oil more fluid and more capable of movement through the porous spaces of the zone to the wells drilled from the surface of the ground. That the oil rendered more fluid by the gas dissolved in the oil and by the liquid gas in contact with the oil passes into the intricate interstices of the zone sand and finds its way to the area of lower pressure at the well, and the free gas in the zone forces the combined oil and gas into, through and out of the well. That when a well penetrates one of these zones, the gas pressure is released about the well causing oil and gas to begin to flow through the zone toward the [fol. 83] point of lower presure at the well, and as the fluid flows toward the well there is a drop in the pressure throughout the zone. That with this drop in pressure the free gas expands and drives the oil through the zone sand, and the progressive liberation of energy increases the velocity of the fluids and overcomes friction as they move through the zone sand toward the opening made by the well. That the opening of a well into any zone disturbs the pressure of gas in all parts of the zone, and the gas produced or allowed to escape from the well is replaced by gas and oil moved and drawn as aforesaid by the expansion of gas, as aforesaid, throughout all parts of the zone. That gas underlying any given surface area is not fixed in place but is mobile and moves from place to place within the interstices of the zone sand as the pressure is relieved.

That in any well penetrating a zone an optimum, most efficient, gas-oil ratio can be determined by varying the operating conditions of the well, and with the increase in the

flow of gas through and out of said well beyond this optimum condition the proportionate recovery of the oil in the sand of such zone is reduced, the extent to which the ultimate recovery of oil in the sand is reduced varies with the increase in the rate of flow of gas, so that in some cases the ultimate loss of oil recovery from a zone is double what the [fol. 84] loss of oil would be were a lower ratio of gas discharge maintained from the wells penetrating said zone.

That each and every withdrawal of more gas than is dissolved in the oil by one of such operators through a well entering the sand of any one of said zones reduces the supply available to each other such operator of a well into said zone and increases the difficulty of each operator in obtaining oil and gas through a well drilled into the said zone from the surface of the land owned by him or through which he has a right to produce oil and gas. That each and every such withdrawal of gas does and will reduce the gas pressure in the said zone sand throughout the whole of said zone as it extends in, under and through said Santa Fe Springs Field. That the unreasonable waste of gas through any well entering the sand in any zone will be a continuing damage and injury to the People of the State of California and to the rights of each operator having the right to penetrate said zone and withdraw oil and gas from said zone. That as your relator is informed and believes the gas pressure has been so depleted and dissipated in the Foix Zone, the Bell Zone and the Meyer Zone that oil is produced from each of said zones only by pumping, resulting in increased costs to the operators of the wells producing oil from each of said three zones. That in the sands of each of the other of said [fol. 85] zones, and particularly in the Lower Buckbee Zone, the Upper Clark Zone, the Lower Clark Zone and the Hathaway Zone are large quantities of natural gas under high pressure, which gas moves the oils to the wells penetrating each of said zones, respectively, and causes the oil and gas to discharge with great force at the surface through and out of the wells from the sands in the said zones.

In so far as efficient production of oil is concerned, the restriction of the production of said natural gas from any well to the above mentioned optimum proportion or gas-oil ratio will avoid an unreasonable waste of natural gas in the said Santa Fe Springs Oil Field.

E. G. Gaylord.

Subscribed and sworn to before me this 5th day of September, 1929. Frank L. Owen, Notary Public in and for the City and County of San Francisco, State of California. (Seal.)

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[fol. 86] EXHIBIT 6 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

THE PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

AFFIDAVIT OF CLAUDE C. BROWN

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Claude C. Brown, being first duly sworn, deposes and says: That he graduated from the University of California in 1914 with the degree of Bachelor of Science in Engineering; that he has since been employed at various times and places and by firms and companies as follows:

J. G. White Engineering Corporation, New York;
Pacific Gas & Electric Co., San Francisco;
Northern California Power Co., Shasta County;
Southern California Edison Co., Kern County;
Pacific Light & Power Co., Los Angeles;
Southern Pacific Co., San Francisco and Los Angeles.

That from 1922 to 1927 he was employed as Gas Engineer for the Railroad Commission of the State of California; [fol. 87] and that from 1927 to date he was and now is employed as gas administrator for the Railroad Commission of the State of California.

That the duties of this office of Gas Administrator include:

1. Attention to all gas matters before the Commission, including purchase and sale contracts, certificates for construction and operation of transmission lines and appurtenances, rates, service, etc.

2. The keeping in close and active touch with the production, utilization and wastage of all natural gas in the State, and the compilation of statistics in connection therewith.

3. The close study of and acquaintance with the present and future sources of supply of natural gas in the State.

4. The active co-operation and assistance in the conservation of natural gas.

5. The relegating to each distributing utility its pro-rata share of the natural gas that is available in case of any deficiency of supply.

6. The routing of the natural gas from the various fields which is of different heating values, so that the average heating value of the gas delivered may be as uniformly high as possible.

7. The putting on and taking off of industrial consumers who use surplus natural gas only on a shut-off basis, so that [fol. 88] when the domestic and commercial demands are increased materially the gas being furnished to the industrial consumers may be promptly and efficiently withdrawn and used to meet this domestic demand.

8. In the ultimate event of an inadequate supply of natural gas to meet a particularly urgent domestic demand, to supervise the operation of the oil gas manufacturing plants of the gas utilities in the most efficient and economical manner for the purpose of manufacturing the minimum quantity of oil gas possible to meet the emergency without unduly lowering the heat content of the gas sendout.

That Santa Fe Springs Oil Field as herein referred to is that portion of the Rancho Santa Gertrudes, in the County of Los Angeles, and in Oil and Gas District No. 1, State of California, more particularly described as follows:

The Southeast quarter of Section 36, Township 2 South, Range 12 West, and the East half of Section 1, Township 3

South, Range 12 West, and the South half of Section 31, Township 2 South, Range 11 West, and all of Section 5 and all of Section 6, and the North half of Section 7 of Township 3 South, Range 11 West.

That a cubic foot of gas as referred to in this affidavit is measured at a temperature of 60° F. and a pressure of [fol. 89] 14.733 pounds per square inch and a barrel of oil as referred to herein contains 42 liquid gallons.

That natural gas from said oil and gas zones in and under the surface of the land in said Santa Fe Springs Oil Field for many years last past has been and now is being brought to the surface of the earth through wells extending into said zones, and after the gasoline has been removed therefrom the said gas has been and a large part of said gas now is being used in the generation of light, heat, power and used for other industrial purposes by the People of the said State of California, in the County of Los Angeles, and particularly in the City of Los Angeles, and other cities of said State in the vicinity thereof, to which places of use in said cities and county said gas, after being brought to the surface of the earth through wells and the gasoline removed therefrom, has been and now is conducted through pipes and distributed and sold as a public utility service. By the use of natural gas so produced, distributed and sold, many hundreds of thousands of the People of the State of California are now and have been for many years last past continuously supplied with gas for fuel, heat and other domestic purposes.

That the fuel supplied by the natural gas obtained from these subsurface sand zones is the cheapest and best fuel known to mankind, and the value of the natural gas deposit [fol. 90] in said Lower Clark Zone of Santa Fe Springs Oil Field to the State of California and to its citizens is many millions of dollars; that since the discovery and bringing under control of the gas deposits in said Santa Fe Springs Oil Field large sums of money have come into the State of California, and have been invested in large manufacturing plants, and other large sums of money belonging to the People of the State of California have been invested in similar manufacturing enterprises, causing a great increase in the population of said state, and said county. That many cities in and adjacent to said Santa Fe Springs Oil Field, including the City of Los Angeles, are dependent in

a large measure for fuel upon natural gas, and for that reason the People of the State of California have become and are interested in the protection and continued preservation of the natural gas supply. That many millions of dollars invested in manufacturing and other properties in and near said oil field are wholly dependent for their continued preservation, and for premanent value of their property upon said natural gas supply; that their location and establishment in the vicinity was due in large measure to the presence of natural gas being available from said oil field, without which such enterprises cannot operate at a profit and in the event the supply of natural gas should be exhausted many such enterprises, in which thousands of the [fol. 91] citizens of the State of California find employment at remunerative wages, will be compelled to stop operation.

That in the City of Los Angeles and other cities in the vicinity of said Santa Fe Springs Oil Feld, the inhabitants have for many years used increasing quantities of natural gas for fuel; that their houses have in many instances been constructed with a view to the use of such fuel and have been equipped for the use of such fuel and will have to be differently equipped before other kinds of fuel can be used, and that such use of natural gas has become and is a source of great convenience and comfort. That in the year 1928 there was a total production of natural gas from and through wells from the subsurface oil and gas zones in the State of California in excess of 316,830,147,000 cubic feet, of which there was used more than 237,000,000,000 cubic feet and less than 238,000,000,000 cubic feet as follows:

| | |
|---|---|
| For domestic and commercial uses | 34,000,000,000 |
| Industrial uses | 42,000,000,000 |
| Field use, shrinkage, etc. | 153,000,000,000 |
| Distribution and transmission losses | 8,000,000,000 |
| Wasted into the air | 77,000,000,000 |

[fol. 92] That beginning with the month of October, 1928, and continuing until the present time, the production of natural gas as aforesaid has greatly increased and is increasing more rapidly than the same is being put to beneficial use, with the result that the proportion wasted into the air has greatly increased since October, 1928, and is continuing to increase.

That the State of California, the County of Los Angeles, the City of Los Angeles, and other public corporations and state agencies relying upon the permanent supply of natural gas, have at great expense equipped many of their public institutions, including the Court House of the County of Los Angeles, the City Hall of the City of Los Angeles, the County Hospital of the County of Los Angeles, and other institutions owned and maintained by the said State of California and its various subdivisions for the use of natural gas as a fuel by which the cost of maintaining the public buildings and institutions above mentioned has been materially lessened and the comfort of their occupants greatly increased.

That the wealth of the State of California, and its revenues derived from taxation on account of the increased population and the various manufacturing plants that have been fostered and supported by natural gas, have been greatly increased, and will, in the event that the supply of natural gas is unreasonably wasted so that it is no longer [fol. 93] available to the People of the State, be correspondingly curtailed. That if the natural gas supply in said zones of the Santa Fe Springs Oil Field is husbanded and protected it will last for many years and continue to furnish many of the inhabitants of the State of California with fuel, and the proportionate wealth and other material interests of the State of California, and particularly the subdivisions thereof hereinbefore mentioned will continue to be benefited and enhanced and the comfort of their inhabitants greatly increased.

That the monthly production, utilization and wastage of natural gas from all California fields for the first seven months of the year 1929 was as follows:

[fol. 94] Figures in Thousands of Cubic Feet

| 1929, month | Total net production | Total utilization | Total wastage (blown) |
|---|---|---|---|
| January | 37,621,000 | 25,293,000 | 12,328,000 |
| February | 39,616,000 | 23,739,000 | 15,877,000 |
| March | 44,202,000 | 25,929,000 | 18,273,000 |
| April | 41,635,000 | 23,587,000 | 18,048,000 |
| May | 41,343,000 | 24,165,000 | 17,178,000 |
| June | 43,734,000 | 24,477,000 | 19,257,000 |
| July | 51,382,000 | 24,414,000 | 26,968,000 |
| Totals | 299,533,000 | 171,604,000 | 127,929,000 |

The following figures are for Santa Fe Springs alone—Year 1929:

| 1929, month | Total net production | Total utilization | Total wastage (blown) |
|---|---|---|---|
| January | 19,524,000 | 3,800,000 | 5,724,000 |
| February | 12,674,000 | 4,396,000 | 8,278,000 |
| March | 13,813,000 | 5,142,000 | 8,671,000 |
| April | 10,262,000 | 4,031,000 | 6,231,000 |
| May | 10,111,000 | 4,303,000 | 5,808,000 |
| June | 13,361,000 | 5,144,000 | 8,217,000 |
| July | 18,672,000 | 5,393,000 | 13,279,000 |
| Totals | 88,417,000 | 32,209,000 | 56,208,000 |

[fol. 95] That the total amount of gas blown to the air during the first seven months of 1929 totals almost 128 billion cubic feet as against a total of 77 billion cubic feet for the entire year of 1928. This situation is due to the greatly increased production of natural gas.

That at the present rate of discharge the Santa Fe Springs Oil Field will be depleted of natural gas within three years. If and when the natural gas supply in California becomes exhausted it will be necessary for the gas utilities to return to the generation of gas from oil or coal, relatively expensive processes which will yield a gas with approximately one-half of the heating value of natural gas. Due to the relatively high cost of the manufacture of this oil or coal gas, it may be reasonably anticipated that the rates will then be increased above the rate at which natural gas is now sold to public consumers and that such increase will prohibit the use of natural gas as a fuel for industrial purposes. That the price of natural gas at the well or plant for removing the gasoline varies slightly on either side of ten (10¢) cents a thousand cubic feet wholesale, and is available for industrial purposes at an average rate of fifteen (15¢) cents a thousand cubic feet. That natural gas must be used as produced as the cost of storage above [fol. 96] ground exceeds its selling value. That in the opinion of affiant no wells in Santa Fe Springs Oil Field should be kept on production at a gas-oil ration of more than 2500 cubic feet of gas to each barrel of oil produced, and that sufficient gas can be produced from the wells at a gas-oil ratio lower than 2500 cubic feet of gas to each barrel

of oil to utilize all existing pipe line facilities for delivering gas for use in that field and for transportation for use out of that field.

That attached hereto and marked Exhibit "I" is a graf showing in thousand cubic feet per month the field production of natural gas in all the oil fields in oil and gas District No. 1, to wit, Signal Hill, Santa Fe Springs, Huntington Beach, Torrance, Dominguez, Rosencranz, Inglewood and Seal Beach, and also Ventura Avenue Field in District No. 2, which contributes to the supply of gas used in the County of Los Angeles, which graf covers the period from January 1, 1923, to August 31, 1929.

That attached hereto is a graf marked Exhibit "II" showing in thousand cubic feet of natural gas per month the production, utilization and wastage of natural gas from the same oil fields above mentioned and also showing separately the domestic sales plus industrial sales, the total of domestic sales, industrial sales and field use and the total produc-
[fol. 97] tion from the 1st day of January, 1920, to the 31st day of August, 1929.

Claude C. Brown.

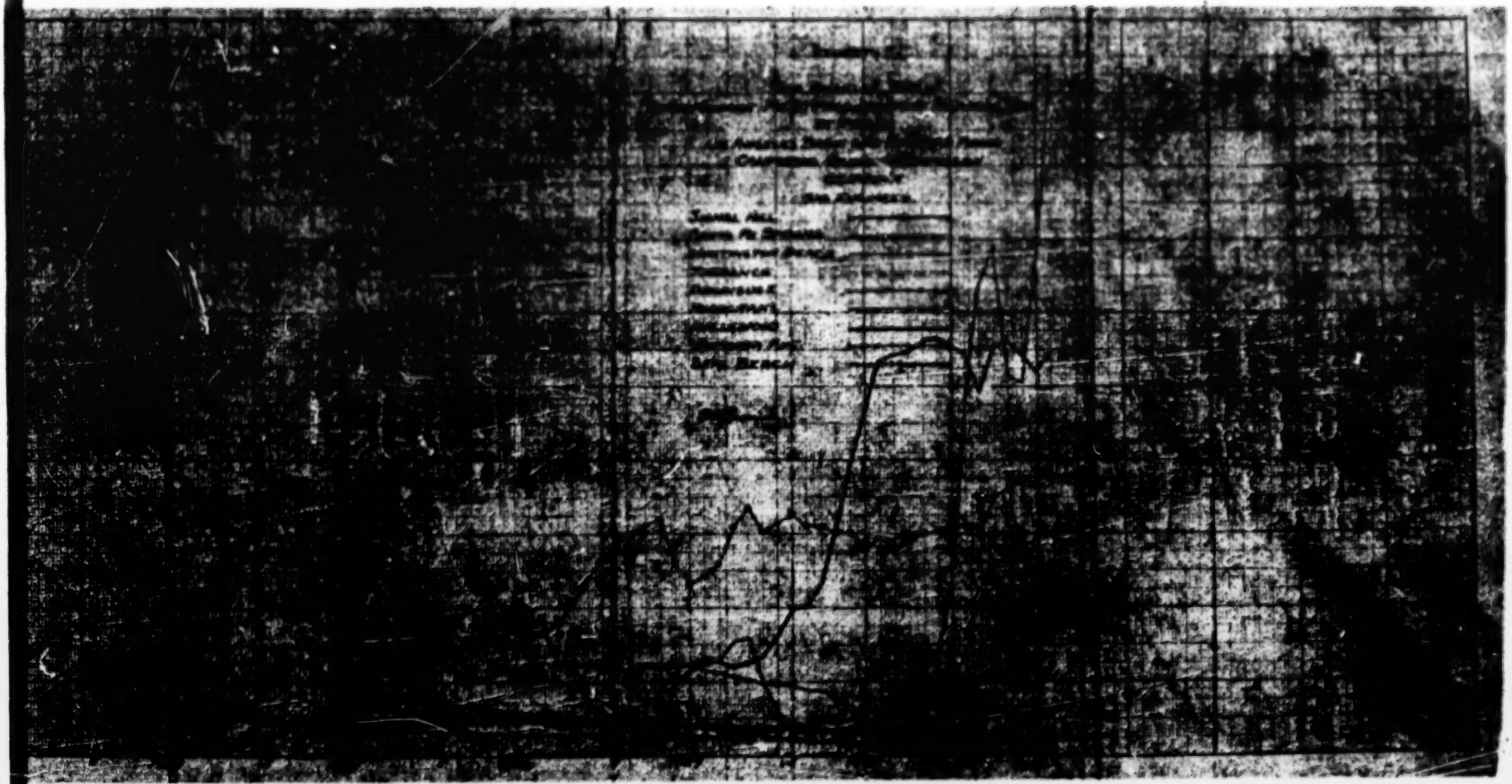
Subscribed and sworn to before me this 10th day of September, 1929. Louise M. Hilt, Notary Public in and for the County of Los Angeles, State of California. (Seal.)

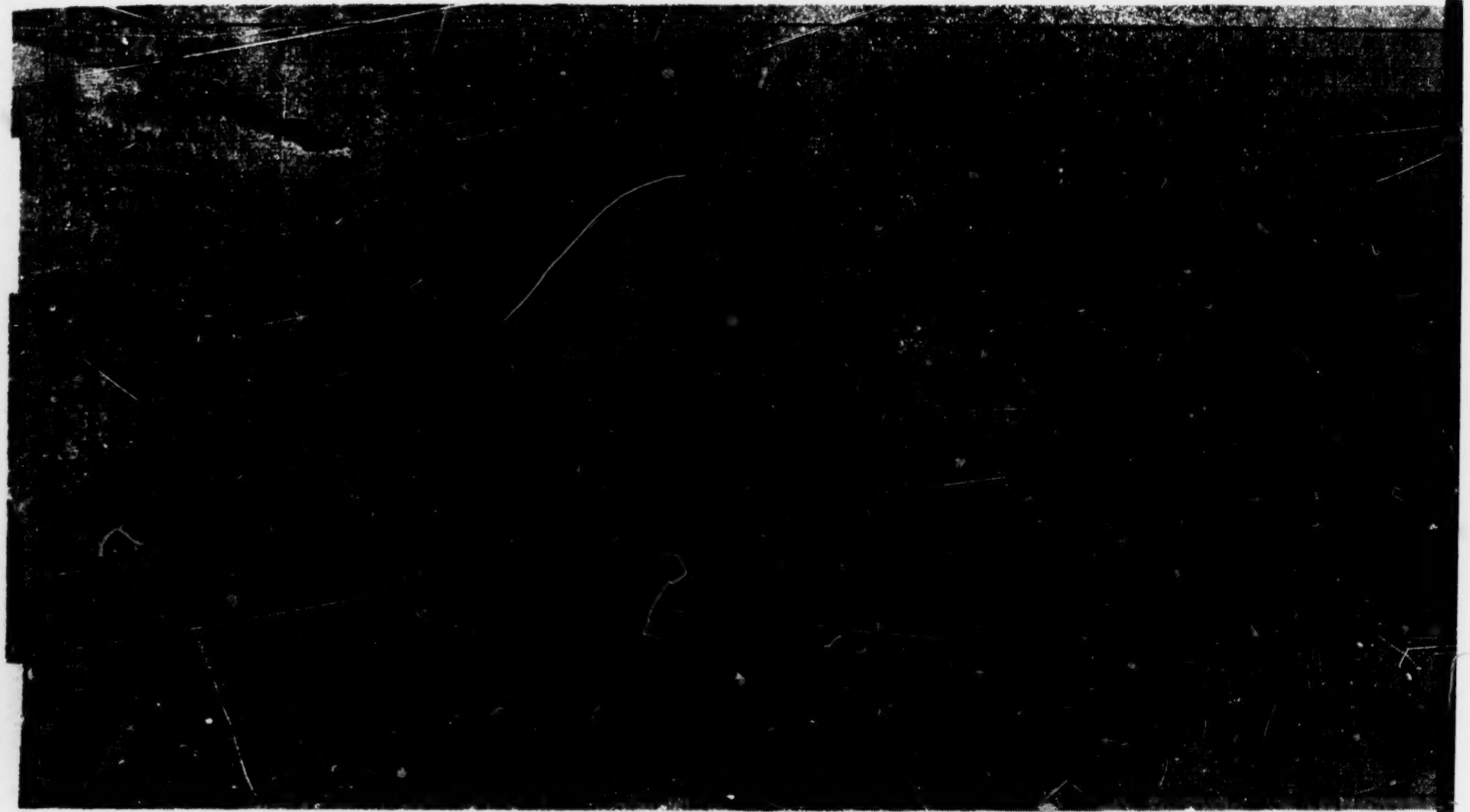
(Blue Print)

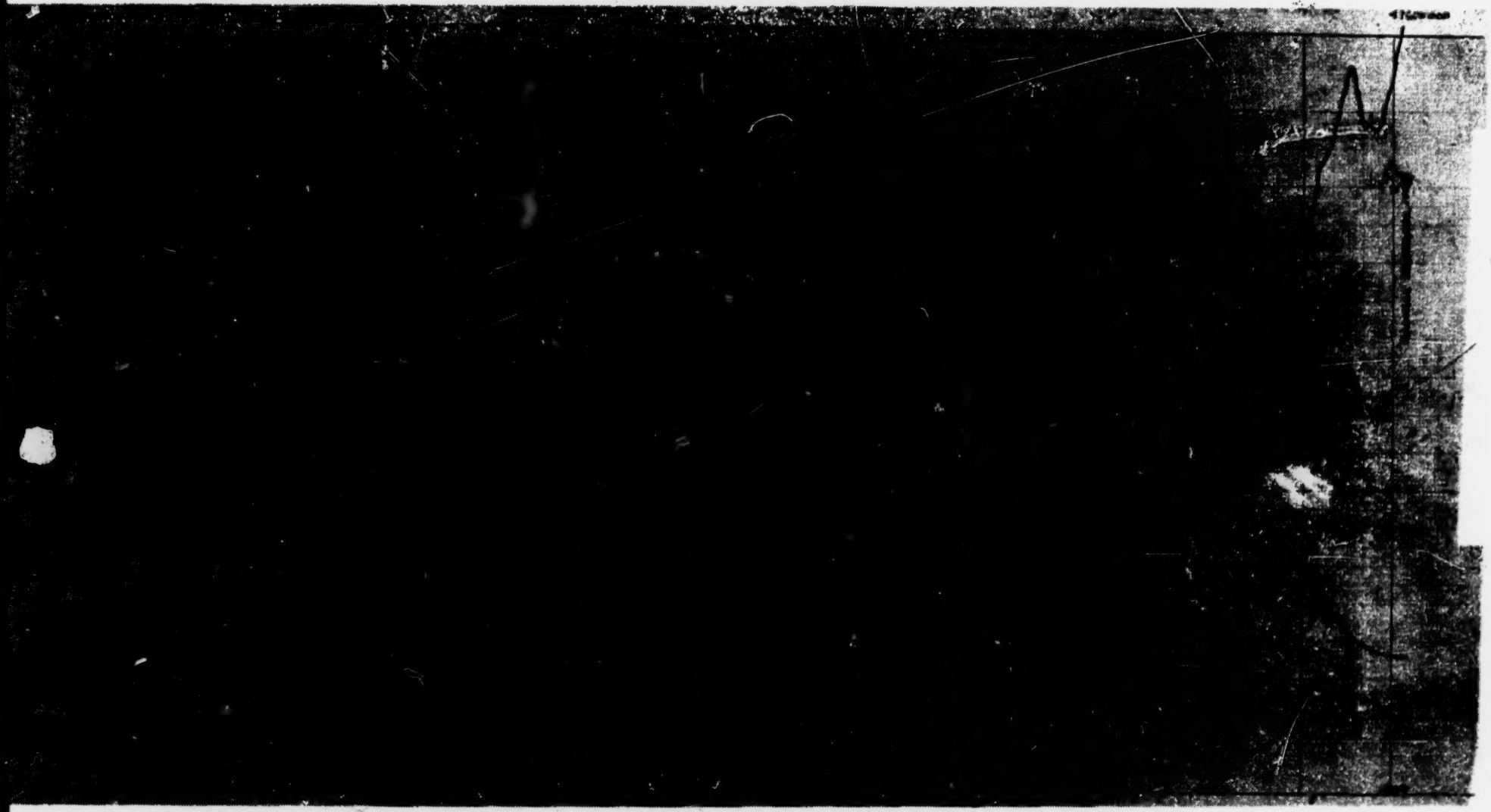
Endorsed: Filed September 11, 1929. L. E. Lampton, county clerk, by W. D. Buckey, deputy.

(Here follows blue prints, side folios 97a and 97b)









[fol. 98] EXHIBIT 7 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANIES et al., Defendants

Demurrer of Defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co.

Come now the defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co., and separating themselves from their co-defenadnts and from one another, do hereby each severally demur to the complaint on file herein, upon the following grounds:

1. Said complaint does not state facts sufficient to constitute a cause of action.

2. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demurring defendants.

3. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demur- [fol. 99] ring defendants, particularly upon the ground that the sections of the statute upon which the same is based are, and each of them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of the Fourteenth Amendment of the Constitution of the United States, and would deprive each of these demurring defendants of their liberty, and take from each of them their property, without due process of law and without just compensation, and each of these demurring defendants here and now claims and invokes the protection and guarantees of the Fourteenth Amendment of the Constitution of the United States.

4. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demurring defendants upon the ground that the sections of the statute upon which the same is based are, and each of them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of the Fourteenth Amendment of the Constitution of the United States, and would deny to each of these demurring defendants the equal protection of the laws, and each of these demurring defendants here and now claims and invokes the protection and guarantees of the Fourteenth Amendment of the Constitution of the United States.

[fol. 100] 5. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demurring defendants upon the ground that the sections of the statute upon which the same is based are, and each of them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of section 10 of article I of the Constitution of the United States providing that no state shall pass any laws impairing the obligation of contracts, and each of these demurring defendants here and now claims and invokes the protection and guarantees of the said provision of the Constitution of the United States.

6. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demurring defendants upon the ground that the sections of the statute upon which the same is based are, and each of them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of section 13 of article I of the California Constitution providing that no person shall be deprived of liberty or property without due process of law, and also section 14 of article I of the California Constitution providing that private property shall not be taken or damaged for public use without just compensation having first been made to, or paid into court for, the owner.

[fol. 101] 7. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demurring defendants upon the ground that the sections of the statute upon which the same is based are, and each of

them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of section 1 of article III, section 1 of article IV and section 1 of article VI, of the California Constitution.

8. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these deraurring defendants upon the ground that the sections of the statute upon which the same is based are, and each of them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of section 16 of article I of the California Constitution providing that no law impairing the obligations of contracts shall ever be passed.

9. Said complaint does not state facts sufficient to constitute a cause of action against all or any of these demurring defendants upon the ground that the sections of the statute upon which the same is based are, and each of them is, and the relief prayed for if granted against any of these demurring defendants would be, in violation of sections 11 [fol. 102] and 21 of Article I, and subdivisions 19 and 33 of section 25 of article IV, of the California Constitution.

10. The court has no jurisdiction over the subject of the action.

11. The plaintiff has not the legal capacity to sue.

12. There is a defect of parties defendant, in this, that it appears from said complaint that the operators of said wells are not the owners of the land upon which said wells are located, but hold same under lease from the owners, and that such owners are necessary and indispensable parties to this suit.

13. Several causes of action have been improperly united, to wit, an alleged cause of action from the viewpoint and for the protection of the correlative rights of the owners of the surface of the lands embraced within the Santa Fe Springs oil field described in said complaint and an alleged cause of action from the viewpoint and for the protection of the supposed rights of the general public and of consumers of natural gas.

14. Several causes of action are set forth in said complaint which are not separately stated, to wit, an alleged

cause of action from the viewpoint and for the protection of the corelative rights of the owners of the surface of the lands embraced within the Santa Fe Springs oil field de-
[fol. 103] scribed in said complaint and an alleged cause of action from the viewpoint and for the protection of the supposed rights of the general public and of consumers of natural gas.

15. Said complaint is uncertain in each and all of the following particulars:

(a) In that it cannot be ascertained therefrom how, or to what extent, or in what manner, or in what particular, or by what means, or by reason of what facts, any of these demurring defendants or all or any of the other defendants have heretofore unreasonably wasted, or are now unreasonably wasting, natural gas from any of the wells in said Santa Fe Springs oil field.

(b) In that no facts are set forth from which the court can determine whether or not all or any of these demurring defendants are unreasonably wasting natural gas.

(c) In that it cannot be ascertained therefrom what facts are alleged to constitute an unreasonable wasting of natural gas by all or any of these demurring defendants or by any of the other defendants.

(d) In that it cannot be ascertained therefrom what is meant or intended by the expression used therein reading "unreasonably wasting natural gas" or the expression reading "unreasonable wasting of natural gas" and similar expressions.

[fol. 104] (e) In that it cannot be ascertained therefrom which of the zones referred to in paragraph 7 of said complaint are separated from the adjoining zones by strata of sand containing water, or what portion of said zones are so separated, or what zone or parts of any zone are closed by strata containing water excluded from the oil and gas zone by the pressure therein.

(f) In that it cannot be ascertained therefrom as to any of the zones referred to in paragraph 8 as being filled with sand containing oil and gas under pressure, what portion of the oil is in the form of gasoline vapor, what portion of the

gas is dissolved in the oil, what portion of the gas exists as a liquid, or what portion of the gas adheres to the surface or interfaces between the gases and liquids, or what portion exists as a free gas, or whether such proportions as may exist in any zone are general and uniform throughout said zone and/or throughout said oil field.

(g) In that it cannot be ascertained therefrom when a well penetrates one of the zones referred to in paragraph 8, whether the resulting drop alleged in the gas pressure throughout the zone is appreciable or substantial, reasonable or unreasonable or to what extent there is a drop in the pressure, or whether such drop is general and uniform or varies, or whether the allegation that there is a drop [fol. 105] throughout the zone applies to each and all of said zones or to only a part of them, and if the latter to which of said zones it applies.

(h) In that it cannot be ascertained therefrom whether, when a well is opened into any zone, it disturbs the pressure of gas in all parts of the zone alike, or to what degree it affects such pressure in various parts of the zone, or whether such degree is slight or inappreciable, or is reasonable or unreasonable or what is the extent thereof.

(i) In that it cannot be ascertained therefrom in what wells or in how many, or in what percentage of cases, or in what specific instances, the ultimate loss of oil recovery from a zone is reduced or doubled with the increase in flow of gas above a ratio of 2,500 cubic feet of gas to a barrel of oil, or to what extent the ultimate loss of oil recovery from any well or zone is reduced by the increase in the flow of gas from such well or zone above a ratio of 2,500 cubic feet of gas to a barrel of oil.

(j) In that it cannot be ascertained therefrom what amount of gas withdrawn by one operator through a well entering the sand of any one of the zones referred to in the complaint will unreasonably reduce the supply available to each other operator of a well into said zone, or unreason- [fol. 106] ably increase the difficulty of each operator in obtaining oil and gas through each other well drilled into the said zone or will unreasonably reduce the gas pressure

in said zone, or how, or to what extent, or in what manner any of the rights of any operator will be invaded, injured, or damaged by any of the acts alleged in the first sentence of paragraph 9 in said complaint.

(k) In that it cannot be ascertained therefrom how, or in what manner, the people of the state of California will be damaged or injured by any of the acts set forth in the complaint.

(l) In that it cannot be ascertained therefrom what wastage of gas through any well entering the sand in any zone in said Santa Fe Springs oil field is reasonable or unreasonable or will damage or injure, continuously or otherwise, each operator having the right to penetrate said zone and withdraw oil and gas or gas from said zone.

(m) In that it cannot be ascertained therefrom how or by what means, or by reason of what facts, or to what extent, or in what manner, there is now being unreasonably wasted, blown, released and/or allowed to escape into the air any of the natural gas referred to in paragraph 12 of the complaint, or what particular act or acts, omission or omissions, [fol. 107] sufferance or insistence of all or any of these demurring defendants or of the other defendants have caused an unreasonable waste of gas for more than thirty days last past, or what particular act or acts, omission or omissions, sufferance or insistence all or any of the acts threaten to continue.

(n) In that it cannot be ascertained therefrom which of the operators of wells in said Santa Fe Springs oil field are owners of the land upon which the same are located, and which of them are lessees, or what are the terms and provisions of the leases referred to in the complaint, or whether the defendant in charge of any well is owner or lessee, or how, or in what manner, or to what extent, or in what instances, owners of land are or will be injured or damaged by any of the acts alleged in paragraphs 12 and 13 of the complaint.

(o) In that it cannot be ascertained therefrom how, or by what means, or by reason of what facts, or acts or omissions, all or any of the defendants are wilfully permitting natural gas to escape from all or any of the wells in said Santa Fe Springs oil field.

(p) In that it cannot be ascertained therefrom how, or by what means, or by reason of what facts, the gas referred to as being unreasonably wasted and permitted to escape [fol. 108] can, or should be, saved or conserved for beneficial use by all operators in said Santa Fe Springs oil field, or for what beneficial use the same can be saved or conserved for such purpose, or what would be the cost thereof as compared to the benefits to be received by the operators in said field, or whether or not said benefits will be general or uniform to all operators in said field, or what would be the nature or extent of such benefits, or whether the gas which is alleged could be saved and conserved by confinement in the zones of said field until the same can be beneficially used for fuel, heat and power would be reasonable or unreasonable or of benefit to all the operators of said field or to the people of the state of California, or what right or interest the people of the state of California have therein or thereto.

(q) In that it cannot be ascertained therefrom how, or in what manner, or by reason of what facts, the oil or gas below the surface of the earth in said field is a natural resource of the people of the state of California, or how, or in what manner, or by reason of what facts the people of the state of California have any right, title or interest therein.

(r) In that it cannot be ascertained therefrom whether or not the gas which is alleged in the complaint to be unreasonably wasted and blown into the air has any market [fol. 109] value, or what amount of oil was produced by the propulsive force thereof, or what is the value of such oil as compared to the value of the gas alleged to be unreasonably wasted and blown into the air.

(s) In that it cannot be ascertained therefrom what percentage of the gas produced from the Santa Fe Springs oil field, after the gasoline has been removed therefrom, is now being used in the generation of light, heat, power or other industrial purpose by the people of the state of California in the county of Los Angeles and/or the city of Los Angeles and/or other cities in the vicinity thereof, or has been so used during any period last past, or what percentage thereof has been or now is conducted through pipe lines and/or distributed or sold as a public utility service.

(t) In that it cannot be ascertained therefrom whether there has been or is any market demand or market value for the natural gas heretofore and now being produced from Santa Fe Springs oil field which it is alleged has been and is being unreasonably wasted and blown into the air, or what other sources of supply of natural gas there have been or are now for consumers of gas in the city of Los Angeles and other cities and communities in the vicinity thereof, or whether the demand therefor exceeds or is less than the available supply, and to what extent, or what proportion of [fol. 110] the demand therefor is supplied from sources other than Santa Fe Springs oil field, or how long the supply of natural gas will continue.

(u) In that it cannot be ascertained therefrom how much, if any, of the moneys coming into California and invested in manufacturing plants and other industrial enterprises, or how much, if any, of the increased population of the state, was caused by the discovery of, and bringing under control, gas deposits in the Santa Fe Springs oil field.

(v) In that it cannot be ascertained therefrom what other fuels are available for use in the cities referred to, or to what extent their cost is greater than natural gas, or to what extent they (said cities) are dependent for fuel upon natural gas, or to what extent they are dependent for fuel upon natural gas produced from Santa Fe Springs Oil field.

(w) In that it cannot be ascertained whether the many millions of dollars alleged to be invested in manufacturing and other properties in and near said oil field are wholly dependent for their continued preservation and/or permanent value of their property upon the natural gas supply in Santa Fe Springs oil field, or upon the supply of natural gas from this and other fields, or to what extent.

(x) In that it cannot be ascertained therefrom how, or for what purpose, or in what manner, the 153 billion cubic [fol. 111] feet of natural gas alleged to be used in 1928 for "Field use, shrinkage, etc." was used, or how much of the gas alleged to have been wasted into the air within the state during the said year was utilized as a propulsive force in producing oil, or how much oil was produced in the state during said year through the propulsive use and power of natural gas produced from oil wells during said year, or

what is the relative value of the oil so produced to the natural gas alleged to have been wasted into the air, or whether or not the natural gas alleged to have been wasted into the air had any market value, or whether it was commercially practicable to conserve the same for any beneficial use, or what has been the relative effect of the increased amount of oil produced by the amount of natural gas alleged to have been wasted into the air upon the wealth and revenues of the state and the increase of population as compared to the effect thereon of the alleged waste of natural gas.

(y) In that it cannot be ascertained therefrom how, or in what manner, or by reason of what act or acts of any of the defendants the property of plaintiffs has been, or will continue to be, interfered with, or what property of plaintiffs will be thereby interfered with.

(z) In that it cannot be ascertained therefrom what amount of back pressure of gas is necessary to secure the maximum recoverable supply of oil and gas in the zones of [fol. 112] said oil field, or which, if any, of the defendants are failing, or have failed, to maintain sufficient back pressure at the surface, or to what extent.

(aa) In that it cannot be ascertained therefrom what particular acts or omission or commission of any of the defendants are causing any injury or damage to other lessees, lessors and/or operators, or are depriving them or any of them of their alleged equal and correlative right to produce oil and gas from each of said zones underlying their said properties.

(bb) In that it cannot be ascertained therefrom how, or in what manner, the natural gas which is alleged to be unreasonably wasted and blown into the air can be profitably marketed or commercially utilized for any domestic and/or industrial purposes.

(cc) In that it cannot be ascertained therefrom what amount of oil or gas has been or is being produced from any particular well or wells of or by any of the defendants, or whether the amount of gas so produced has been or is "in quantities exceeding a reasonable proportion to the amount of oil produced from the same well".

(dd) In that it cannot be ascertained therefrom how or in what manner or by what means oil could or can be produced from any well or wells of any of the defendants without the escape of the natural gas alleged to have been wasted, or by what means the alleged unreasonable waste of natural gas by any defendant can be prevented, or what [fol. 113] specific act is sought to be enjoined or compelled as to any of the defendants.

16. Said complaint is ambiguous upon each of the grounds hereinabove set forth as grounds for uncertainty.

17. Said complaint is unintelligible upon each of the grounds hereinabove set forth as grounds for uncertainty.

Hunsaker, Britt & Cosgrove, by Robert B. Murphey, Wm. L. Murphey, Attorneys for Defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co.

We, the undersigned, counsel for the demurring defendants in the above and foregoing demurrer, hereby certify that said demurrer is filed in good faith and that, in our opinion, the demurrer and the grounds of demurrer stated are each and all well taken.

Hunsaker, Britt & Cosgrove, by Robert B. Murphey, Wm. L. Murphey, Attorneys for Defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co.

[fol. 114] Memorandum of Points and Authorities in Support of Demurrer and Motion to Strike Out

1. The complaint does not state a cause of action against the defendant, Commodore Oil Company, in that Exhibit AA to said complaint, which is referred to in paragraphs 1 and 12 for a statement of the name of the defendant and the well from which it is alleged gas is unreasonably wasted and/or blown into the air, does not disclose the name of Commodore Oil Company as the operator of any well from which any gas is being unreasonably wasted and/or blown into the air. The allegation that defendants "will continue so to unreasonably waste the gas", etc., is

no more than an allegation that they threaten to, and will, continue their present practice which, as to the defendant, Commodore Oil Company, is not under any theory a violation of law.

2. The complaint does not show that any of these demurring defendants, or any of the other defendants, are violating any of the laws of this state or any right of others.

Statutes of 1915, Chap. 718 and amendments thereto, particularly Statutes 1921, Chap. 535.
Statutes of 1911, approved March 25, 1911.

[fol. 115] The provision of the Act providing that the blowing, release or escape of natural gas into the air shall be prima facie evidence of unreasonable waste, violates the requirement of Federal and state constitutions of due process of law.

Western & Atlantic R. R. Co. v. Henderson, 49 U. S. Sup. Ct. Rep. 445 (Advance Sheets).
McFarland v. American Sugar Co., 241 U. S. 79.
In re Peterson, 253 U. S. 300.

3. The action is premature and unauthorized in that it does not appear that any proceedings have been instituted under section 8d of the Statute (Cal. Stats. 1929, Chap. 535), or that any order has been made therein (in proceedings instituted under said section), or that any such order has become final or has been filed with the director of the department of natural resources or has not been complied with.

Statutes 1929, Chap. 535, sections 8d, 14a and 14b.

4. The statute in its attempt to prohibit and make unlawful "the unreasonable waste of natural gas", is so vague, uncertain and indefinite and is so devoid of any guide or standard for determining what shall constitute waste of natural gas, or reasonable waste of natural gas, or unreasonable waste of natural gas, that it violates the due process [fol. 116] clauses of both the Federal and California Constitutions.

Fourteenth Amendment United States Constitution,
Section 13, Article I, California Constitution,
United States v. Cohen Grocery Co., 255 U. S. 81,
Cline v. Frink Dairy Co., 274 U. S. 445,

In re Peppers, 189 Cal. 682,
Hewitt v. Board of Medical Examiners, 148 Cal. 590,
People v. Pace, 73 Cal. App. 548,—a decision by Judge Hahn of this court sitting pro tem. in the District Court of Appeal,
Small Co. v. American Sugar Refining Co., 267 U. S. 233, 238,
Standard Chemical & Metals Corp. v. Waugh Chemical Corp., 231 N. Y. 51, 131 N. E. 566,
United States v. Reese, 92 U. S. 214,
United States v. Brewer, 139 U. S. 278,
United States v. Sharp, 27 Fed. Cases, 1041,
Chicago & N. W. Ry. Co. v. Dey, 35 Fed. 866,
Tozer v. United States, 52 Fed. 917,
United States v. Capital Traction Co., 34 App. D. C. 592,
Louisville & N. R. Co. v. Commission, 99 Ky. 132, 35 S. W. 129.

[fol. 117] 5. The 1929 statute referred to does not purport to delegate to any administrative officer or to the court, the right to define or prescribe what shall constitute waste of natural gas, or what shall constitute reasonable waste of natural gas, or what shall constitute unreasonable waste of natural gas. But if it does so it is void as an unlawful attempt to delegate legislative powers to administrative offices or to the court, contrary to the California Constitution.

California Constitution, Art. 3, sec. 1, Art. 4, sections 1, 15, 16.

(a) For distinction between a legislative and a judicial act, (viz., the former describing rules of contract for the government of the citizen or subject, while the latter punishes and redresses or prevents wrongs growing out of legislative rules previously established, and determines whether or not such rules have been violated or a violation thereof is or is not threatened), see:

People v. Board of Education, 54 Cal. 375,
Smith v. Strother, 68 Cal. 194, at 196-198,
Ex parte Shrader, 33 Cal. 279 at 283,
Tulare Water Co. v. State Water Com., 187 Cal. 533 at 542.

[fol. 118] (b) The legislature has no power to confer other than judicial functions upon the courts.

Smith v. Strother, 68 Cal. 194,
People v. Sanderson, 30 Cal. 160,
Burgoine v. Board of Supervisors, 5 Cal. 9,
Hardenburgh v. Kidd, 10 Cal. 402 and cases hereinafter cited.

(c) The legislature has no power to delegate to the courts, or the supervisor of oil and gas, or to the director of natural resources, the right to prescribe or lay down rules as to what constitutes waste or reasonable waste or unreasonable waste.

In re Peppers, 189 Cal. 682,
State v. Johnson, 61 Kansas, 803, 60 Pac. 1068,
Yick Wo v. Hopkins, 118 U. S. 356, 372-373.

6. The sections of the statute upon which this action is based for the granting of the relief prayed for, would deprive the demurring defendants of their liberty and property without due process of law and without just compensation.

Fourteenth Amendment U. S. Constitution,
California Constitution, secs. 13 and 14, Art. 1,
[fol. 119] Pennsylvania Coal Co. v. Mahon, 260 U. S. 393,
Williams v. Standard Oil Co., 49 U. S. Supreme Ct. Rep. 115 and cases cited,
West v. Kansas Natural Gas Co., 221 U. S. 229,
Gas Products Co. v. Rankin, 63 Mont. 372, 207 Pac. 993,
Huber v. Merkel, 117 Wis. 355, 94 N. W. 354,
Ex parte Dickey, 144 Cal. 234.
Herminghaus v. So. Cal. Edison Co., 200 Cal. 81,
Isom v. Rex Crude Oil Co., 147 Cal. 654,
Graciosa Oil Co. v. Santa Barbara, 155 Cal. 140,
Acme Oil & Mining Co. v. Williams, 140 Cal. 681,
Swift v. Occidental Mining etc. Co., 141 Cal. 161,
St. Germain Irrigation Ditch Co. v. Hawthorn Ditch Co., 32 N. Dak. 260, 313, 143 N. W. 124, 1135.

7. The statute cannot be sustained as a conservation measure in the interest of consumers or of the general public in natural resources held in private ownership. There-

fore, to make the amount of oil which a defendant can produce dependent upon the commercial outlets which he can find for the natural gas produced in order to flow oil from his wells, would constitute a taking of liberty and property [fol. 120] without due process of law. (See cases above cited.)

Ohio Oil Co. v. Indiana, 177 U. S. 19,
West v. Kansas Natural Gas Co., 221 U. S. 229,
Haskell v. Kansas Natural Gas Co., 224 U. S. 218,
Herminghaus v. Southern Cal. Edison Co., 200 Cal. 81.

8. The provisions of the statute sought to be enforced, and also the relief prayed for against these demurring defendants, will impair the obligations of the various leases and the rights of both lessors and lessees thereunder, and will therefore be unconstitutional.

Sec. 10, Art. I, U. S. Constitution,
Sec. 16, Art. I, California Constitution,
Pennsylvania Coal Co. v. Mahon, 260 U. S. 393,
Cooley's Constitutional Limitations, Eighth Ed., Vol. I, page 583,
McGee v. San Jose, 68 Cal. 90,
Acme Oil & Mining Co. v. Williams, 140 Cal. 681,
Mohawk Oil Co. v. Hopkins, 196 Cal. 148,
Brookshire Oil Co. v. Casmalia etc. Co., 156 Cal. 211,
20 Cal. Juris. 266 and cases cited,
Maverick Oil Co. v. Howell, 237 S. W. 40,
Swift Oil Co. v. Howell, 250 S. W. 1070.

[fol. 121] 9. To construe and enforce the provisions of the statute under which this action was brought as contended for by plaintiff, or to grant the relief prayed for, will deprive each of the defendants of the equal protection of the laws, and will violate the United States Constitution and also the California Constitution.

Fourteenth Amendment, United States Constitution,
California Constitution, Art. 1, secs. 11 and 21, Art. IV, sec. 25, subds. 19 and 33.

A construction of the act which would favor owners or lessees having gas contracts and other commercial outlets for their natural gas and/or storage facilities and/or repressuring equipment or the financial means to obtain the

same, so as to enable them to flow oil on a larger and preferential scale, thereby draining oil from lands of others, and produce and sell more oil than those not having such gas contracts or commercial outlets or storage or repressuring facilities or the financial means to obtain the same, would violate each of the foregoing provisions, and would be grossly oppressive and discriminatory.

(a) Equal protection of the laws is denied.

Cotting v. Kansas City Stock Yards, 183 U. S. 79 (where the definition of a public stock yard in a Kansas statute regulating public stock yards was made to depend upon the volume of business done [fol. 122] and the facts showed that its operation in effect was discriminatory).

Yick Wo v. Hopkins, 118 U. S. 356, 366-374 (in which the court, among other things, said "* * * no greater burdens should be laid upon one than is laid upon others in the same calling * * *" (p. 367).

Stroll v. State [Texas], 255 S. W. 620, 30 A. L. R. 1424.

The guarantee of equal protection of the laws is aimed at undue favor and individual or class privilege, on the one hand, and the hostile discrimination, oppression or inequality on the other; it seeks an equality of treatment of all persons, even though all enjoy the protection of due process.

Truax v. Corrigan, 257 U. S. 312.
Hayes v. Missouri, 120 U. S. 68.

(b) Any attempted classification which is arbitrary, unreasonable or fanciful and without any natural, substantial or logical basis therefor violates the requirements of equal protection of the law.

See cases above cited and

Southern Railway Co. v. Greene, 216 U. S. 400.

In order to make a law general and not special, the classification of the individuals or objects to which it ap- [fol. 123] plies must not be arbitrary, but must be founded on some natural intrinsic or constitutional distinction, and

some reason must appear why the act was not made to apply generally and uniformly to all classes.

Rauer v. Williams, 118 Cal. 401.

Darcy v. Mayor etc. of San Jose, 104 Cal. 642, 645-649.

City of Pasadena v. Stimson, 91 Cal. 238, 248-252, and cases cited.

Bloss v. Lewis, 109 Cal. 493, 498-499.

People v. Central Pac. R. R. Co., 83 Cal. 393, 403-405, 410-411, particularly 413.

Ex parte Sohncke, 148 Cal. 262, 267-268.

10. The court has no jurisdiction over the subject matter of the action, nor has the plaintiff legal capacity to sue. See cases above cited.

11. Courts of equity do not issue mandatory injunctions for a succession of acts continuous in their nature, performance of which cannot be consummated by one transaction and which require supervision and direction demanding special knowledge, skill and judgment.

Pacific etc. Ry. Co. v. Campbell-Johnston, 153 Cal. 106.

Poultry Producers etc. v. Barlow, 189 Cal. 278.

Stanton v. Singleton, 126 Cal. 657.

[fol. 124] 12. There is a defect of parties defendant, in that owners and lessors will necessarily be injuriously effected if the relief prayed for is granted, and are necessary and indispensable parties, and if the relief prayed for is granted defendants will suffer liabilities to others not parties to the suit and a multiplicity of suits will be engendered.

Sec. 389, C. C. P.

Smith v. Cucamonga Water Co., 160 Cal. 611.

O'Connor v. Irvine, 74 Cal. 435.

13. An injunctive complaint must state specific facts upon which the relief is sought. Inferences, generalities, presumptions and conclusions have no place in such a pleading.

Martin v. Danziger, 21 Cal. App. 563.

Willis v. Lauridson, 161 Cal. 106, 108.

City Shore, San Jose, etc. Ry. Co., 150 Cal. 277.

Santa Cruz Fair Building v. Grant, 104 Cal. 306.

Byrne v. Drain, 127 Cal. 663.
Calif. Navigation Co. v. Union Transportation Co., 122 Cal. 641.
Davitt v. American Bakers Union, 124 Cal. 99.
Nat'l. Oil Co. v. Producers Oil Co., 169 Cal. 740.
Streator v. Linscott, 153 Cal. 285.
[fol. 125] Poultry Producers v. Barlow, 189 Cal. 280.
Dabney v. Key, 57 Cal. App. 762-763.
14 Cal. Jur. 260, secs. 66-69, sec. 22, p. 207.

14. Allegations of mere conclusions of law tender no issue and must be disregarded, and a complaint which depends on such conclusions and does not state the facts upon which the legal conclusions are placed is insufficient on general demurrer.

Willis v. Lauridson, 161 Cal. 106.
Callahan v. Broderick, 124 Cal. 80.

15. A complaint should contain allegations of the particulars by which the plaintiff has been or will be damaged by the acts complained of.

Frost v. City of Los Angeles, 181 Cal. 22.
Willis v. Lauridson, 161 Cal. 106.
Spring Valley Water Works v. Fifield, 136 Cal. 214.
Hargro v. Hodgdon, 89 Cal. 623.
McBride v. Freeman, 191 Cal. 152, 215 Pac. 678.
Brown v. Rea, 150 Cal. 171 (holding complaint which failed to show some actual or threatened injury to a private property right of plaintiff insufficient to justify an injunction, and that allegation that the acts complained of will "greatly lessen and diminish the value" of plaintiff's property is too indefinite, etc.).

[fol. 126] 16. A complaint is defective which merely states general conclusions concerning irreparable injury not warranted by any statement of facts. The complaint must allege how and why such injury will result.

14 Cal. Jur. 264, par. 68, and cases cited.

Respectfully submitted.

Hunsaker, Britt & Cosgrove, by Robert B. Murphey and Wm. L. Murphey, Attorneys for Defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co.

Endorsed: Receipt of a copy of the within is hereby admitted this 10th day of Oct., 192-. James S. Bennett, attorney for people. Filed Oct. 10, 1929. L. E. Lampton, county clerk, by N. Hollister, deputy.

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[fol. 127] EXHIBIT 8 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. Stevenot, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Answer of Defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co.

Come now the defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co., and severing themselves from their co-defendants and from one another, each for itself, and without waiving the demurrer or the motion to strike heretofore or contemporaneously herewith served and/or filed, each admits, denies and alleges as follows:

1. Admits that each of these answering defendants is a corporation doing business in the county of Los Angeles, state of California, and is producing oil and gas from wells penetrating some of the zones in the Santa Fe Springs oil field. Denies that all or any of these answering defendants are unreasonably or otherwise or at all wasting natural [fol. 128] gas, either by blowing or releasing, or blowing and releasing, or by causing any other defendant or defendants to blow and/or release, natural gas derived from any well or wells in said Santa Fe Springs oil field into the air, either as alleged in said complaint or otherwise or at all.

Alleges that none of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the other allegations of paragraph 1 of the complaint, and placing their denial of each of them on that ground denies each and every of the remaining allegations of paragraph 1 of the complaint.

Alleges that none of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the allegations of paragraph 2 of the complaint, and placing their denial upon that ground, denies each and every allegation therein contained.

3. Admits that the conditions mentioned in paragraphs 3 et seq. of the complaint as existing in Santa Fe Springs oil field are prevalent in the other oil fields in the other oil and gas districts except to the extent that same are hereinafter denied, and admits that the use of natural gas as alleged in the complaint as a propelling force in moving and producing oil is prevalent in the state of California, and alleges [fol. 129] that such use of gas is according to the custom of the various localities throughout California, but denies that the use of natural gas as otherwise alleged in said complaint is either in whole or in part prevalent over a large or any portion of the state of California except as hereinafter alleged or admitted.

4. Alleges that none of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the allegation contained in the last sentence of paragraph 4 of the complaint, and placing their denial upon that ground denies each and every allegation therein contained.

5. Denies that the oil and gas zone commonly known as and referred to in the complaint as the Upper Clark Zone, or the oil and gas zone commonly known as and referred to in the complaint as the Lower Clark Zone, extends under the whole of the area of said Santa Fe Springs oil field. Denies that there are twelve separate oil and gas zones within the said Santa Fe Springs oil field. Alleges that the twelve zones mentioned in said complaint are not separate and/or distinct oil and gas zones.

6. Alleges that none of these answering defendants has information or belief upon the remaining allegations in para-

graph 5 or of the allegations contained in paragraph 6 sufficient to enable them or any of them to answer all or any of [fol. 130] said allegations and placing their denial upon that ground denies each and every of said allegations.

7. Denies that any water contained within the end plane or planes of any oil and gas zones in said Santa Fe Springs oil field is excluded from such oil and gas zone solely by the gas pressure therein, but alleges that where any such end plane does contain water such water is excluded from said oil and gas zone largely by the oil contained in said gas zone, and is only excluded by the gas pressure therein to an inappreciable extent. Alleges that in most instances of wells drilled into the outermost or flank areas, of any oil and gas zone in said field, after the gas pressure has been depleted, oil is still produced from wells penetrating such zone without any appreciable amount of water appearing or being found in such zones. Alleges that none of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the allegations contained in the last sentence of paragraph 7 of the complaint, and placing their denial on that ground denies each and every allegation therein contained. Alleges that the allegations contained in said sentence are uncertain and not capable of definite proof.

8. Denies that each of said zones in and under said oil field referred to in paragraph 8 of the complaint is filled [fol. 131] with sand containing oil and gas under pressure as alleged in paragraph 8 of said complaint, but on the contrary alleges that in each of said zones containing oil and gas under pressure all of the gas contained in said zone exists in the form of a liquid which is a part and parcel of the oil contained in said zone. Admits that when a well penetrates one of these oil and gas zones the gas pressure is released from about the well but only as this pressure is a component part of the combined oil and gas pressure causing the oil and gas as component parts of a single fluid, and not otherwise, to begin to flow through the zone toward the point of lower pressure at the well, but denies that as the fluid flows toward the well there is a drop and disturbance in the pressure throughout the zone, except within the immediate vicinity of the well, but alleges that neither such drop nor disturbance is such as to injuriously or unreason-

ably affect like operations of others or the oil and gas structure or zone. Denies that gas produced or allowed to escape from one well penetrating one of the zones referred to in paragraph 8 of the complaint is replaced by gas and/or oil moved and/or drawn from all parts of the zone by the expansion of gas as alleged, or otherwise, or from any part of the zone in any appreciable degree except within the immediate vicinity, but alleges that when other wells on [fol. 132] adjoining lands penetrating the same zone are being operated the area from which the fluid composed of gas and oil is drawn is greatly reduced, and further alleges that none of said operations injuriously or unreasonably affects like operations by others or the gas and oil zone or structure from which the oil and gas are drawn. Denies that gas underlying any given surface area is not fixed in place, but alleges that it is naturally in liquid form as a component part of the oil in each stratum, composing a single fluid substance, and as such, but not otherwise, it is volatile and moves from place to place within the interstices of the zone sand as the pressure is relieved, but not to any appreciable degree beyond the immediate vicinity of the point where the pressure is relieved and that the freedom of such movement varies in different portions of the field, depending upon the specific gravity of the oil, the compactness of the strata, and many other physical conditions peculiar to the portion of the field or zone in which the same is found. Denies that, with the increase in the flow of gas through and/or out of any well or wells penetrating any zone of said oil field above a ratio of 2500 cubic feet of gas to a barrel of oil, the proportionate recovery of the oil in the sand of such zone is reduced, or that the extent to which the ultimate recovery of oil in the sand is reduced [fol. 133] varies with the increase in the rate of flow of gas or that as to any well or wells of any of these answering defendants the ultimate amount of oil recovery would be increased by any decrease in the ratio of gas produced from any well to the amount of oil produced from such well. Alleges that none of these answering defendants has sufficient information or belief upon the subject to answer the allegations of paragraph 8 of said complaint next denied, and placing its denial upon that ground denies that in some or

any instances the ultimate loss of oil recovery from any well or any zone in said Santa Fe Springs oil field has been double or less than what the loss of oil would be were a lower ratio of gas discharge maintained from all or any of the wells penetrating said zone. Alleges that the amount of oil ultimately recoverable from any oil and gas well penetrating any zone in said Santa Fe Springs oil field is directly in proportion to the quantity of gas produced except where gas is being produced from such oil well in quantities exceeding a reasonable proportion to the amount of oil produced from such well. Alleges that what is a reasonable proportion of natural gas to the amount of oil produced from the same well varies widely in different parts of said field and in different parts of the same zone therein, and varies with each well within said zone pro- [fol. 134] ducing oil and gas with the age of the well, and usually changes frequently as the well becomes older. Alleges that no well-defined or definite rule or rules have yet been discovered or known to man by which the gas-oil ratio which will produce the largest ultimate recovery of oil can be determined in advance. Alleges that such a gas-oil ratio can only be determined by experimentation upon each separate well in said field, which always involves careful, skillful and constant attention, regulation and adjustment of the flow bean. Alleges that such experimentation is dangerous and hazardous to the life and flow of the well in that it has frequently happened in said field and in other fields having similar conditions that where the oil and gas flow has been diminished the relative quantity of gas produced has increased and the quantity of oil produced has decreased and that attempts to regulate the gas-oil ratio have resulted in increasing the ratio of gas to oil in many instances and in many other instances where the quantity of oil flowing from any oil well has been artificially reduced it is not possible later to increase the flow of oil therefrom to its original production just prior to such change or to any appreciable degree, and in many other instances have resulted in destroying the well entirely. Alleges that there are many and various theories and ideas of control of the gas-oil ratio, but that none of them are well-defined enough [fol. 135] so that they may be considered as correct or accepted within the said industry.

Alleges that no natural gas is being produced from any well in Santa Fe Springs oil field by any of these answering defendants, or (as each of these answering defendants is informed and believes and on that ground alleges) from any oil well or wells in said oil field by others, in any quantity exceeding a reasonable proportion to the amount of oil produced from the same well or wells, or in any quantity more than is reasonably and necessarily required in the production of oil therefrom in accordance with the best scientific methods and appliances known to the industry and with the general and long existing custom and practice within this state and also in accordance with the recognized rights of each producer and/or operator.

9. Alleges that each and all of the zones in said Santa Fe Springs oil field referred to in the complaint contain oil and gas in liquid form as a single fluid or substance, as aforesaid, and that each and every withdrawal of gas produces both oil and gas in definite proportion, one to the other, varying with each well, and varying from time to time, and that each and every withdrawal of gas and/or oil necessarily reduces the supply, but denies that each and/or every withdrawal of oil and/or gas by one operator [fol. 136] through a well entering the sand of any one of said zones reduces the supply available to each other operator of a well into said zone or reduces the supply of any other operator of a well into said zone except within the immediate vicinity, or increases the difficulty of each operator of a well into said zone in obtaining oil and gas except in the immediate vicinity, or does or will reduce the gas pressure in the said zone throughout the whole of said zone or to any extent except in the immediate vicinity of the well from which such withdrawal occurs, or that each and every or any withdrawal of oil and/or gas by any of these answering defendants or any other operator within said field through a well entering the sand of any of said zones results in such operator obtaining an undue proportion of the oil and gas in such zone or in any injury to such zone or structure or unreasonable interference with the operations or production of oil or gas of any owner and/or operator having the right to penetrate the said zone and withdraw oil and/or gas therefrom. Denies that the alleged or any unreasonable waste of gas through any well entering the

sand in any zone owned or operated by any of these answering defendants or others in said field has been, is, or will be, a continuing or any damage or injury to any operator having the right to penetrate said zone and/or withdraw oil and/or gas from said zone or to the people [fol. 137] of the state of California, or that the people of the state of California have any interest whatever in the Santa Fe Springs oil field or any oil and/or gas contained therein or produced therefrom.

10. Alleges that none of these answering defendants have any information or belief upon the subject sufficient to enable them or any of them to answer the allegations of paragraph 10 of said complaint, and placing each of their denials on that ground denies each and every allegation therein set forth except that on Exhibit A annexed to said complaint there is located each of the parcels and wells belonging to each of these answering defendants other than those of the defendant Wilshire Annex Oil Co. Alleges in this connection that the only producing wells of these answering defendants are as set forth in the following schedule:

| Defendant | Zones producing from |
|---|---|
| Ambassador Petroleum Co.... | Meyer and Hathaway. |
| Bandini Petroleum Company. | Bell, Meyer, Buckbee and O'Connell. |
| Commodore Petroleum Company ..... | Meyer. |
| Wilshire Oil Co., Inc..... | O'Connell and Hathaway. |
| Wilshire Annex Oil Co..... | O'Connell and Hathaway. |

[fol. 138] 11. Admits that the gas pressure has been so depleted and dissipated in the Foix, Bell and Meyer zones that oil is produced from each of said zones only by pumping, but in this connection alleges that the natural gas in each of said zones was not unreasonably wasted, but was utilized in producing therefrom large quantities of petroleum oil and gasoline which would not otherwise have been produced and from which owners and/or operators of wells within said field received millions of dollars, and by which the taxable wealth of the state and its municipalities and subdivisions was greatly increased, and that the value of said oil and gasoline so produced was many times the value

of the natural gas which escaped. Denies that in the sands of each or any of the other zones named in paragraph 11 of the complaint there is any natural gas except such natural gas as exists in liquid form as a component part of the oil in said sands forming a single substance or liquid which is under high pressure, which moves the oil in the vicinity of each well penetrating such zone to such well and is further utilized in lifting the oil and gas to the surface of the earth so as to discharge the same with great force at the surface through and out of such well into appropriate and suitable pipe lines or other receptacles. Alleges that none of the oil produced from any of the wells operated by any of these defendants in said field can be produced with-
[fol. 139] out the production of natural gas as a necessary and inevitable concomitant, and that the quantity of gas which comes out of each of said wells which is operated by each of these answering defendants in the production of oil is a reasonable, and not a wasteful, quantity of gas so to be produced. Alleges that it is not, has not been, and will not be, possible for any of these answering defendants to operate any wells now, heretofore or hereafter owned and operated by them, respectively, and to produce oil therefrom, without the production of natural gas in reasonable quantities as a necessary concomitant.

12. Denies that there is now being unreasonably wasted, blown, released or allowed to escape, into the air by any act or acts, omission or omissions, sufferance or insistence of all or any of these answering defendants, either severally or jointly or otherwise, a large or any quantity of natural gas. Alleges that these answering defendants, respectively, are producing from wells operated by them, respectively, in said field oil of the approximate amounts and of the reasonable market value set opposite their respective names, to wit:

| Defendant | Barrels of oil per diem | Approximate market value |
|---|---|---|
| Ambassador Petroleum Co. | 5172 | $6,982.20 |
| Bandini Petroleum Company | 13591 | 18,347.85 |
| Commodore Petroleum Company | 251 | 338.85 |
| Wilshire Oil Co., Inc. | 9088 | 12,268.80 |
| Wilshire Annex Oil Co. | 4150 | 5,602.50 |

[fol. 140] none of which would it be possible for said companies, respectively, to produce therefrom without the production of gas in reasonable quantities, and that each of them is now producing therefrom natural gas only in such quantities as do not exceed a reasonable proportion to the amount of oil produced from each of their respective wells. Alleges that the use and utilization by each of these answering defendants of such reasonable quantities of natural gas in producing said oil is a useful and beneficial use thereof and is not a waste, or an unreasonable waste, thereof. Alleges that in addition to this useful and beneficial utilization of such natural gas as each of these answering defendants, respectively, are so producing, the said natural gas thereafter is further utilized in the manufacture of casing head gasoline and for fuel purposes in the operations of these answering defendants, respectively. Alleges that the aggregate value of the casing head gasoline so produced daily is approximately $4,000.00. Alleges that after this further utilization of said natural gas by these answering defendants, respectively, there are no additional means available to any of them for any further utilization, conservation or disposal of the remaining dry gas. Alleges that none of said resulting and remaining dry gas has any market value whatever, nor is there any demand whatever therefor, and notwithstanding that these [fol. 141] answering defendants have made diligent efforts so to do, none of them have been able to sell or even give away the same. Alleges that by reason of the premises each of these answering defendants has been compelled, in the reasonable and proper operation of each of the wells operated by them, respectively, to release or permit to escape into the air the dry natural gas so resulting and left over after making the aforesaid useful and beneficial utilizations thereof. Denies that Exhibit AA annexed to and made a part of the complaint is a list of any well or wells of any of these answering defendants from which gas is being unreasonably wasted, or that any of these answering defendants is unreasonably wasting any natural gas from any well shown thereon, either in the amount set forth thereon or any part thereof, or otherwise, or at all, or that any of these answering defendants is in charge of such or any unreasonable waste of natural gas from said or any well or wells in said Santa Fe Springs oil field. Denies that

an aggregate of more than 400 million cubic feet of natural gas, or any part thereof, either before or after the removal of the gasoline therefrom, is being unreasonably or at all wasted each day or has been unreasonably or at all wasted during all or any part of the last thirty days, or that all or any of the defendants threaten to continue, unreasonably or at all, to waste any natural gas indefinitely or otherwise or at all.

[fol. 142] 13. Denies that all or any of these answering defendants threaten to, or that unless restrained by the injunction of this court they or any of them will, continue to unreasonably, or at all, waste any of the gas from any of the sands in any of the zones of said Santa Fe Springs oil field, either as alleged in the complaint, or otherwise or at all, or that by reason of any acts, omissions, sufferance or insistence of any of them, the gas pressure in any of said sands would be unreasonably depleted, or that any other owner or owners of land within said Santa Fe Springs oil field are, or will be, deprived of the propulsive force of said gas in bringing oil to or through any well or wells drilled or to be drilled into the sands of the same zone, or will be deprived of their, or any of their, share of the natural gas and/or oil in the sands of said zone, or are or will be injured or damaged in any respect whatever. Denies that the people of the state of California in whole or in part, have been, are or will be damaged or injured either as alleged in paragraph 13 of the complaint, or otherwise or at all, by any act, omission, sufferance or insistence of any of the defendants. Denies that any unreasonable waste, or any waste, of gas exists or will continue or is threatened, all by any act, omission, sufferance and/or insistence of all or any of these defendants, or that any gas drawn from any of the [fol. 143] wells of any of these defendants has been, is now, or will be, or is threatened to be unreasonably discharged or blown or wasted into the air, or that the gas throughout or in any of the sands or any sand of the said zones, or any of them, has been or will be depleted, lost or wasted so that such gas will no longer propel the oil in the sands of such zone toward and/or through any well or wells penetrating the said zone, by reason of any unreasonable waste of gas by all or any of these defendants. Denies that all or any of these defendants for thirty days next last past, or any part

thereof, have been or are now wilfully or otherwise, permitting natural gas to wastefully escape into the atmosphere from any well or wells in said Santa Fe Springs oil field mentioned in Exhibit A annexed to the complaint or otherwise or at all.

14. Denies each and every allegation contained in paragraph 14 of said complaint.

15. None of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the allegations of paragraph 15 of the complaint, and placing their denial upon the ground denies each and every allegation therein contained.

16. Denies each and every allegation contained in paragraph 16 of the complaint.

17. Denies each and every allegation contained in paragraph 17 of the complaint.

[fol. 144] 18. Denies each and every allegation contained in paragraph 18 of said complaint.

19. Denies that natural gas produced from Santa Fe Springs oil field has been used in the generation of light, heat or power, or used for other industrial purposes by the people of the state of California, in the county of Los Angeles or in the city of Los Angeles, or any other city of said state in the vicinity thereof, or has been conducted through pipes or distributed or sold as a public utility prior to the year 1923, or that since that time any more than a small percentage of the natural gas produced from said field has been so used and/or conducted or distributed or sold. Alleges that the amount of natural gas produced from said Santa Fe Springs oil field which is now so used, conducted, distributed or sold, does not exceed five per cent of the natural gas produced from said field. Denies, that by the use of natural gas produced, distributed or sold as alleged in the complaint, many hundreds of thousands of the people of the state of California, or more than a very few people and within a very limited area in the vicinity of said field, have been for many years or for any period, or are now, continuously or otherwise supplied with gas for fuel, heat or other domestic purposes or for any use or purpose.

[fol. 145] 20. Denies that the fuel supplied by the natural gas obtained from any of the subsurface sand zones of the Santa Fe Springs oil field is the cheapest or best fuel known to mankind, or that it is cheaper or better than natural gas produced from other oil fields in California, or that it is materially cheaper or better than oil or fuel the grade of which there is now in storage in California approximately 110,000,000 barrels, the fuel value of which is equivalent to approximately 600,000,000,000 cubic feet of natural gas, which is about fifteen times the total consumption of natural gas for industrial uses in California in 1928. Admits that the value of the natural gas which is a component part of the oil in subsurface zones in Santa Fe Springs oil field, and neither of which can be removed without the other, is many millions of dollars, but alleges that its value is many times less than the oil which can only and must be produced therewith. Denies that the people of the state of California have any interest therein. Denies that the coming into the state of California of large sums of money or the investment of large sums of money in large manufacturing plants or in similar manufacturing enterprizes, causing a great increase in population of California and/or Los Angeles county, or that the great increase in the population of said state and county since the discovery and bringing under [fol. 146] control of the gas deposits in said Santa Fe Springs oil field, was caused thereby in whole or in part to any material or appreciable degree, but was caused largely and mainly by other factors, and the same condition existed prior to the discovery of the Santa Fe Springs oil field. Denies that there have been any gas deposits in Santa Fe Springs oil field except as a component part of the oil found in the zones of said field. Alleges that the cost of drilling wells into the sand zones of said field from which oil and gas are now being recovered is so great and the cost of operating them after completion so high, that it would be uneconomic and unprofitable to so drill and operate them or any of them solely for the purpose of the recovery of the gas available therefrom; that gas could not profitably or at all be produced therefrom separately or at a cost less than that of artificial gas or without the concomitant production therewith of the natural flow of oil therefrom. The people of the state of California and of the county of Los Angeles and of the cities in the vicinity thereof, are not dependent

for fuel upon natural gas produced from Santa Fe Springs or elsewhere within the state to any substantial or material degree; they for many years have had available, and still have available and use, fuel oil, steam and hydroelectric energy, artificial gas, coal and other fuels. For most pur- [fol. 147] poses and uses the cost to the consumers within said areas of fuel, oil and electric energy is substantially the same as natural gas. Substantially all industrial plants within said area using natural gas are equipped to use fuel oil or electric power and are not dependent upon natural gas for fuel. The use of natural gas for industrial purposes is subject to the constant hazard of shutoffs on momentary notice. Substantially all industrial use of natural gas within said area for fuel was not commenced until after the use of fuel oil and/or electric energy, but has not superseded to any large degree the use of fuel oil and/or electric energy. Consumers of gas in Southern California were supplied entirely with artificial gas until 1914, and the substition of natural gas for artificial gas to the consumers of gas within said area was not finally made until 1927, practically none of which said natural gas is now or has ever been supplied from Santa Fe Springs oil field. Prior to 1927 and subsequent to 1914, consumers of gas in the cities in the vicinity of Santa Fe Springs oil field were supplied with a mixture of artificial gas and the natural gas, practically none of which natural gas is now, or has ever been, supplied from Santa Fe Springs oil field. Denies that any money invested in manufacturing and/or the production of electric power on any property in or near said Santa Fe [fol. 148] Springs oil field is wholly or at all dependent for their, or any of their, continued preservation or preservation, or for permanent value or value of their, or any of their property upon the natural gas supply from Santa Fe Springs oil field, or from any other source, and denies that the location and/or establishment of all or any of them in the vicinity was due in large measure or to any material degree, or at all, to the presence of natural gas being available from said Santa Fe Springs oil field, or that without the presence of such natural gas in said field, all or any of such enterprizes cannot operate at a profit, or that in the event all or any of the supply of natural gas should be exhausted, all or any of such enterprizes would be compelled to stop operations, or that thousands or any number of

citizens of the state of California would be unable to find employment at remunerative wages. Alleges that the granting of the relief prayed for in whole or in part would so curtail the production of oil, gasoline and other petroleum products, as to practically stop operations by these answering defendants and many other owners and operators in said field, upon their respective properties as to destroy materially the value of their properties and investments, and will also impair and affect the operations and investments of others in said field, and will much more ma- [fol. 149] terially affect the enterprizes, investments and the people of the state than is alleged in paragraph 20 of the complaint. Said or any curtailment in the production of oil will materially affect the price of fuel oil, gasoline and other petroleum products within said area and to the many consumers thereof, in an aggregate amount many times the value of the alleged loss of natural gas referred to in paragraph 20, and will affect the investments and people employed in the industrial and other enterprizes and properties in the vicinity of said field referred to in paragraph 20, to a degree greatly in excess of the threatened loss alleged in said paragraph 20.

21. Alleges that while inhabitants in the city of Los Angeles and other cities in the vicinity of Santa Fe Springs oil field have in recent years (but not otherwise) used increasing quantities of natural gas for fuel, the same has been secured almost entirely from sources other than Santa Fe Springs oil field and the total use of natural gas produced from Santa Fe Springs oil field by such inhabitants does not exceed five per cent. of the production of natural gas from such field. If the production of oil from Santa Fe Springs oil field is curtailed to the extent of the present commercial consumption of natural gas produced from such field, each of these answering defendants will have to close down all of its respective wells, and other defendants will have to do likewise, and these answering defendants [fol. 150] and other defendants will suffer almost total loss of the use and value of their properties. Alleges that inhabitants using natural gas for fuel in the city of Los Angeles and other cities in the vicinity of Santa Fe Springs oil field have, in many instances, constructed and equipped their houses with a view to the use of natural gas, but al-

leges that most of such inhabitants did so while artificial gas was being supplied to them and before straight natural gas was supplied to them, and many of such houses have been constructed and equipped for the use of other fuels. Denies that any houses constructed and/or equipped with a view to the use of natural gas will have to be equipped differently before other kinds of fuel can be used. Alleges that none of these answering defendants has information or belief sufficient to enable them or any of them to answer all or any of the remaining allegations of paragraph 21 of said complaint, and placing their denials upon that ground each of them denies each and every allegation therein contained.

22. Denies that any of the public buildings or institutions referred to in paragraph 22 of the complaint have been equipped for the use of natural gas as a fuel, relying upon the permanent supply of natural gas, but alleges that almost all of said buildings and institutions were equipped for the use of gas before natural gas was supplied thereto as a [fol. 151] fuel, and were and are equipped to burn artificial gas as a fuel without any change in equipment, and were and are also equipped to burn fuel oil and are not dependent upon the supply of natural gas as a fuel. Denies that the cost of maintaining any of said public buildings and institutions has been materially lessened or the comfort of any of their occupants has been materially increased by the additional or substituted use of natural gas therein as a fuel.

23. Denies that the wealth of the state of California or its revenues derived from taxation has been greatly or materially increased by reason of any facts alleged in paragraph 23 of the complaint or, in the event that the supply of natural gas is no longer available, will be materially or correspondingly curtailed, or that the presence or use of natural gas has materially increased the population or the manufacturing plants or the wealth of the state of California or its revenues derived from taxation, either as alleged in paragraph 23 of the complaint or otherwise or at all. Denies that the natural gas supply in any of the zones of Santa Fe Springs oil field is not being properly husbanded or protected or that any act or omission, suffer-

ance or insistence of any of these answering defendants or of other defendants is causing any unreasonable depletion or drain upon said natural gas supply, or that said natural [fol. 152] gas supply which is being produced from said field is not being put to a beneficial and useful purpose.

24. Denies each and every allegation contained in paragraph 24 of the complaint.

25. Denies any of these answering defendants or others in said field are permitting any well or wells to flow freely or without sufficient back pressure at the surface, or that the recoverable supply of oil and/or gas in any of the zones of said field has been, is now or will be, materially or unreasonably reduced or affected by any of the matters referred to or alleged in paragraph 25 of the complaint, or that there has been any encroachment of edge water into any zone in said field caused by permitting any well or wells to flow freely or without sufficient back pressure at the surface.

26. Denies each and every allegation contained in paragraph 26 of the complaint except as herein admitted or alleged.

27. Admits that the pressure of the natural gas constituting a component part of the oil and gas liquid in each of the zones in which each of the defendants' wells is drilled causes the oil and gas to flow to the surface, but denies that the withdrawal of gas from any well in any zone tends to destroy the flow of oil toward or through such well, but on the contrary alleges that such pressure is utilized and [fol. 153] is necessary to increase the flow of oil toward such well. Denies that the withdrawal of gas from any well in any zone affects the flow of oil toward or through all wells bored into the same sand zone or any wells bored into the same zone except those in the immediate vicinity or within an area of four or five acres surrounding such well. Denies that any existing or threatened waste of gas from any well penetrating any zone in said field will impair or diminish the pressure of gas so that it will no longer force oil to the surface in any of the wells drilled into said zone throughout the said Santa Fe Springs oil field or to any extent except in the immediate vicinity of the well, and

denies that any other lessor, lessee or operator will thereby be deprived of any right to produce oil and/or gas for beneficial or any purpose from any zone underlying any property of such other lessor, lessee or operator, or otherwise or at all. Denies that any existing or threatened waste of gas from any well penetrating any zone in said field will cause any other lessor, lessee or operator to threaten, or that any other lessor, lessee or operator has threatened, to permit, unreasonably or otherwise, the natural gas therefrom to waste into the open air either before or after removing gasoline therefrom. Denies each and every of the remaining allegations of paragraph 27 of said complaint.

[fol. 154] 28. Denies that any greater value or use or benefit can or should be derived from the natural gas which is being protected by all or any of these defendants than by first using this propulsive power in the zone sands to force the oil to, through and out of the wells and after removing gasoline therefrom further utilizing the heat units of said natural gas for fuel in the production of oil, gasoline and other petroleum products in said field. Alleges that there is no other beneficial use or value for said natural gas produced by any of these defendants. Alleges that natural gas produced from said field must be used as produced; the cost of storage greatly exceeds the value of such as could be stored and saved or conserved for future use.

29. Denies each and every allegation contained in paragraph 29 of said complaint.

Further answering said complaint, alleges that none of these defendants can produce oil from any of their respective wells without the production of gas, and that the physical and other conditions at, within and surrounding each of their respective wells are such that gas production is a necessary and unavoidable incident to the production of oil, and serves its most useful and beneficial purpose as a propulsive force in flowing oil to and out of each oil well within said Santa Fe Springs oil field, and that without [fol. 155] the use it is impossible to produce oil from any of the oil wells operated by any of these defendants without at the same time producing natural gas. Alleges that the quantity of natural gas which is so produced and which is

so utilized in producing oil from each of the wells of these defendants does not exceed a reasonable proportion to the amount of oil produced from the same well or wells, and that none of said natural gas so produced is unreasonably or at all wasted but serves the useful, beneficial, necessary and indispensable purpose of producing oil from each of the producing wells of each of these answering defendants. None of these answering defendants is producing from any of its respective wells an undue or unreasonable amount of oil and/or gas or is taking from any sand penetrated by any of its respective wells more than its just share or proportion of the oil and/or gas in any such zone. Each of their said wells was drilled with skill and is equipped in accordance with the best known methods, appliances and equipment, and each of them has been and is equipped with casings of sufficient strength, all safety devices that are necessary and in accordance with the highest and best methods known to the industry. Each of said wells has been so drilled, completed and operated, and is so operated, as to prevent, as far as possible, damage to underground [fol. 156] petroleum and gas deposits from infiltrating water and other causes and loss of petroleum and/or natural gas, and so as to protect petroleum and gas deposits from damage by underground water, and so as to prevent the escape of water into underground formations, and so as not to interfere with, injure or damage the interests or rights of neighboring property owners, lessees or operators. The major and primary value of the oil and gas deposits in each of the zones in Santa Fe Springs oil field is in the oil content thereof which is of far greater value than the gas content. All of the oil content can be, has been and is, preserved and utilized for commercial purposes. The current market value of each average barrel of crude oil produced from said wells is $1.35 per barrel. All of the natural gas which is utilized in flowing oil from each of the wells of these defendants is further utilized by extracting the gasoline therefrom, and the resulting dry gas is used for fuel purposes, drilling, pumping and operating its oil wells and for artifically flowing oil therefrom, and for fuel purposes in operating the casing head gasoline plant and refinery of the defendant, Wilshire Oil Co., Inc. There is no other useful or beneficial purpose to which all or any of

the remaining dry gas can be put, and no further value, utility or use can be derived therefrom, and the same has no market or other value and cannot even be given away. [fol. 157] It cannot be stored except at a cost far in excess of the value of the portion thereof which could thereby be conserved or saved for future use.

31. Further answering said complaint, if any of these answering defendants is enjoined or prevented from producing such quantities of natural gas in each of its wells as does not exceed a reasonable proportion to the amount of oil produced from the same well, each of these answering defendants will to that exent be irreparably injured and damaged and deprived of its property and the use and enjoyment thereof, without due process of law and without just or any compensation, in violation of the Fourteenth Amendment of the Constitution of the United States, and in violation of sections 1, 13 and 14 of Article I of the Constitution of California. In this connection each of these answering defendants alleges that if the gas-oil ratio of any of its wells is reduced through the injunctive process of this court, or otherwise, below such reasonable proportion of natural gas to the amount of oil produced therefrom, that thereby the amount of oil being produced, as well as the ultimate recovery of oil from such well, will be greatly reduced, and there is great danger that if any such order of this court should be reversed or an attempt should later be made to increase or restore the production of oil from any such well, that it will be impossible so to do. Based [fol. 158] upon the experience of operators in said field, each of these answering defendants is informed and believes, and upon that ground alleges that it will be impossible in the event just named to later increase or restore the production of oil from such well. Each of these answering defendants further alleges that the reduction of the amount of natural gas which is permitted to be produced from any of the oil and gas wells of each of these defendants, will reduce correspondingly the daily production of oil therefrom and the ultimate total recovery of oil therefrom, and as the amount of such flow of gas is reduced, the rate of recovery of oil and the ultimate recovery of oil from such well will be in a constantly increasing proportion, and that any material reduction or interference in the flow of

oil from any well through the curtailment or prohibition of the production of natural gas which is permitted from such well, will jeopardize and endanger all future production from said well to a material and substantial degree, and may entirely destroy the use and value of such well. Each of these answering defendants alleges that if they respectively are prohibited or enjoined by this court from permitting any of the resulting dry gas hereinabove referred to, after making the utilizations thereof hereinabove specified, to escape or to be released into the air, as a result thereof each of these defendants respectively are forbidden [fol. 159] and prohibited in effect from producing any oil whatever from their respective wells, and that the amount of the oil production from their respective wells will be curtailed and diminished in the proportion as they are prohibited or restrained from permitting such resulting dry gas to escape or be released into the air. If they are prohibited or enjoined from permitting more than 300 cubic feet of natural gas produced from any well for each barrel of oil produced from such well to escape or be released, it will destroy the future producing of oil from such well.

By reason of each of the foregoing facts, each of these answering defendants will be greatly and irreparably damaged and injured by any order or judgment which may be made by this court requiring a reduction in the flow of oil or gas from any of their respective wells, and the property of each of them will be taken and destroyed to the extent of such curtailment or prohibition in violation of the Fourteenth Amendment of the United States Constitution, and sections 1, 13 and 14 of the California Constitution, the protection of which each and all of these answering defendants here and now invokes.

32. Further answering said complaint, each of these answering defendants alleges that the defendants, Standard Oil Company of California, Union Oil Company of Cali- [fol. 160] fornia, General Petroleum Corporation of California, Shell Oil Company, Associated Oil Company, Richfield Oil Company of California and The Texas Company, jointly or severally (the exact apportionment being unknown to any of these answering defendants) made and

executed contracts with various pipe line companies, gas companies and others distributing and/or selling and/or using natural gas for commercial, industrial and/or domestic purposes, by the terms of which they have secured a market for one or more such purposes for all, or substantially all, of the natural gas produced from Santa Fe Springs oil field for which there is any demand or market, or for which there will be any demand or market for several years, and as these answering defendants are informed and believe, for a period of five or ten years, and during the productive life by natural flow of the wells in said Santa Fe Springs oil field. Said contracts and each of them are still in full force and effect. Each of these answering defendants is informed and believes, and upon that ground alleges that the amount of natural gas which will be delivered or marketed under these contracts will provide an outlet for the major portion, or at least a substantial portion, of the natural gas which is being produced, and will be produced from the various wells owned and/or operated by the [fol. 161] seven companies above named, which are the largest producers and/or distributors of oil in California, and each of which companies have large resources and assets. None of these companies just named, or any of the owners or operators of wells penetrating any of the zones mentioned in the complaint, are producing natural gas alone or otherwise than as a mere incident to the production of oil. Approximately ninety per cent (90%) of the entire producing area in the Santa Fe Springs oil field is owned and/or operated by the seven defendants above named. Upon the property immediately adjacent or adjoining the lands owned and/or operated by each of these answering defendants is one or more offset wells located immediately adjacent to, and in many instances on, the land immediately surrounding and adjacent to the land upon which these answering defendants respectively have one or more oil wells penetrating the same oil and gas zones, from which these answering defendants respectively are producing and/or expect to produce oil and gas in reasonable proportions as aforesaid. None of these answering defendants has made or executed any contract or contracts, or has been able to secure any such contract or contracts for gas outlets such as are above described, or any contract or contracts or out-

let for any of the natural gas which they or any of them are producing and/or will necessarily have to produce if [fol. 162] they are respectively to continue in the business of producing oil, except that the defendant, Commodore Oil Company, has such a contract for one-half of the resulting dry gas produced from its wells, known and described as Babonet Nos. 1 and 2 and Landl Nos. 1 and 2, which wells have in the past produced oil and gas from the Meyer sand zone of said field, but none of which are now producing any oil or gas. Two of said last mentioned wells have been abandoned and it is improbable that either of the other two hereafter will produce any oil or gas, due to unavoidable mechanical difficulties. Each of these answering defendants has made diligent efforts to secure a market or outlet for some commercial use or purpose of the resulting dry gas which each of them now have and expect to have from such oil wells as they are and will respectively operate and produce oil and gas from, but have been unable to find any market or any outlet or any useful or beneficial purpose to which any of said resulting dry gas can be put. They have offered even to give such resulting dry gas away to several of the gas companies distributing and selling gas in the city of Los Angeles and the neighboring cities and communities, but have been unable so to do.

If all or any of the seven defendants above named, or [fol. 163] any other defendant having such a gas contract or commercial outlet as is referred to in the preceding paragraph, are permitted to utilize natural gas produced from said field for such purpose, they will thereby be enabled to produce oil in quantities greatly in excess of that which any of these answering defendants can produce and possibly when none of these answering defendants can produce any oil whatever by reason of not having any such gas contract or contracts or outlets, and such of them as own or operate property adjacent to and/or immediately surrounding property of any of these answering defendants from which they are now producing oil and gas will so drill and operate their wells on such adjoining or surrounding premises so as to obtain a material advantage over each of these answering defendants and in particular will be enabled to, and will, drain the oil and/or gas from the lands now owned or leased by these answering defend-

ants, respectively, and will be enabled to, and will, thereby obtain an undue and unjust proportion of the oil underlying said lands, and will thereby establish new or larger channels toward the well or wells of such other defendants or operators on such adjoining and surrounding lands so as to injure materially and irreparably the oil productive capacity of the wells of each of these answering defendants located in the vicinity thereof. By reason of the premises [fol. 164] each of these answering defendants will be thereby denied the protection of each of the provisions of the United States and California Constitutions last above referred to, the protection of which each of these answering defendants hereby invokes, and in addition thereto each of these answering defendants will be thereby deprived of its liberty and property, in violation of the Fourteenth Amendment of the Constitution of the United States and of sections 1, 13 and 14 of article I of the California Constitution.

33. Further answering said complaint, each of these answering defendants alleges that the same conditions complained of in the complaint and alleged to be existing in Santa Fe Springs oil field, particularly the alleged unreasonable waste of gas, prevail and exist in each and every other oil and gas field within the state of California and have so prevailed and continued for some years and are in accord with the well established and long existing custom and practice in the various oil and gas fields in this state and are in accord with the established rules of property in this state, in reliance upon which each of these answering defendants have invested, in good faith, large sums of money in acquiring leases, drilling oil wells, constructing derricks, buildings and other equipment thereon. No suit has been commenced by plaintiffs to enjoin or restrict such practices in any other oil and gas field in the [fol. 165] state of California, in every one of which one or more of the seven defendant oil companies above named are operating or own oil and gas wells. No suit such as the present one has been threatened as to such operations in any other of the oil and gas fields of California. No proceedings under section 8d of the statute under which this suit is brought have been commenced by plaintiffs or

any officer in the Department of Natural Resources of the state of California against such practices in any other oil and gas field in California other than the Ventura Avenue oil and gas field, in which proceedings the Supervisor of Oil and Gas of said department made an order by the terms of which it is provided:

"* * * No lessor, lessee or operator shall deliver any gas produced from any well or wells in the Ventura Oil Field for transportation out of said field into Oil and Gas District No. 1 in excess of one hundred twelve million, five hundred thousand (112,500,00-) cubic feet a day during the period from the 15th day of September to the 15th day of March next thereafter, or in excess of eighty-seven million five hundred thousand (87,500,000) cubic feet a day from the 15th day of March to the 15th day of September next thereafter."

Gas District No. 1 includes all of the counties of Los Angeles and Orange. By reason of said provision in said [fol. 166] order, four of the seven defendants above named who are operating oil and gas wells in said Ventura oil field and who are producing, as these defendants are informed and believe and on that ground allege, ninety per cent. or more of the natural gas produced from said field are enabled to provide the commercial needs of consumers of natural gas in said Gas District No. 1 and particularly in the city of Los Angeles and other cities in the vicinity of Santa Fe Springs oil field, all of whom could be supplied with natural gas from Santa Fe Springs oil field but for said provision of said order. By reason of the said acts and omissions of plaintiffs and of the Department of Natural Resources and of the officers therein in the enforcement and administration of the statute under which this suit is brought, these answering defendants and other lessors, lessees and/or operators in Santa Fe Springs oil field are being unjustly and oppressively discriminated against and each of these answering defendants is being deprived of the guarantees of the United States and California Constitutions in this and the preceding paragraph referred to.

34. Further answering the complaint, each of the parcels of land shown upon Exhibit A annexed to the complaint

and made a part thereof and alleged therein to be owned by these answering defendants, respectively (with the exception of one parcel owned by the defendant Wilshire [fol. 167] Annex Oil Co. described as follows: The West one-third (1/3) of Lot Four (4) and all of Lot Five (5) in Block Eighty-eight (88), Santa Fe Springs, as per map recorded in Book 26, Page 37 et seq., Miscellaneous Records of Los Angeles County, California, which is owned by said company in fee simple) and upon which any oil and gas well or wells are shown, is held and possessed and operated by the respective answering defendant whose name is shown on Exhibit A and who is alleged therein and in said complaint to be the owner thereof under a separate lease executed by the owner or owners thereof and duly and regularly assigned (where not originally executed by such answering defendant) to such answering defendant. The name of the answering defendant who is the owner of each lease or in possession of the leased premises, a description of said leases by name under which the lease is known, a description of the leased premises, the term of the lease and the date of commencement thereof, the recordation reference, and the name of the lessor or lessors therein named, are set forth in the following schedule:

A. Ambassador Petroleum Co.

1. Baker Lease

The North half of the Northwest quarter of Section 8, [fol. 168] Township 3 South, Range 11 West, S. B. B. & M., excepting that portion occupied by right of way of the Santa Fe Railroad track and the portion west thereof; also the Easterly 55 acres of the South half of the Southwest quarter of Section 5, Township 3 South, Range 11 West, S. B. B. & M. (the portion of this property shown on said Exhibit A being subleased to A. L. Irish, and acquired from him by mesne assignments by the Buckeye Union Oil Company), for a term of 20 years, commencing February 25, 1919, and thereafter so long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 126, Page 14 of Leases, Records of Los Angeles County, California, John S. Baker and Julia M. Baker, his wife, lessors.

B. Bandini Petroleum Company

1. Off Lease

All of Block B of Santa Fe Springs, as shown by a map of a portion of Santa Fe Springs, as per Book 107, Page 234 of Leases, Records of said Los Angeles County, and containing approximately 12.91 acres; also the N ½ of West one-half of Lot or Block 22 in Bannister's Addition to Santa Fe Springs, adjoining the above described Block B on the East, as shown by map as per Book 23, Page 60, [fol. 169] Miscellaneous Records of Los Angeles County, California, and containing approximately two acres, for a term of 20 years, commencing August 21, 1920, and thereafter so long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 141, Page 124 of Leases, Records of Los Angeles, California, Grace M. Off, lessor.

C. Commodore Petroleum Company

1. Babonet Lease

Lot 23 of Bell & Carlton's Santa Gertrudes Acres in the County of Los Angeles, State of California, as per map recorded in Book 10, page 73 of Maps in the office of the County Recorder of said County, for a term of 20 years, commencing April 15, 1920, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 132, Page 226 of Leases, Records of Los Angeles County, California, Charles Babonet, lessor.

2. Landl Lease

Lot 22 of Bell & Carlton's Santa Gertrudes Acres in County of Los Angeles, State of California, as per map recorded in Book 10, page 73 of Maps, in the office of the County Recorder of said County, for a term of 20 years, [fol. 170] commencing April 15, 1920, and thereafter so long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 139, Page 127 of Leases, Records of Los Angeles County, California, Frank Landle, lessor.

D. Wilshire Oil Co., Inc.

1. Baker Lease

East 18.81 acres, less the road of Southeast quarter of Southeast quarter of Section 6, Township 3 South, Range 11 West, S. B. B. & M., County of Los Angeles, State of California, for a term of twenty years, commencing April 27, 1920, and thereafter as long as any hydro carbon substances may be produced in paying quantities, recorded in Book 136, Page 83 of Leases, Records of Los Angeles County, California, John S. Baker and Julia M. Baker, his wife, lessors.

2. Cecelia Lease

Lots 13 and 14, in Block 83, Townsite of Santa Fe Springs, Los Angeles County, California, as per map recorded in Book 26, Pages 37 et seq., Miscellaneous Records of said County, for a term of twenty years, commencing May 24, 1920, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 4872, Page 267 of Official Records of Los Angeles [fol. 171] County, California, A. Wardman and Bonnie Wardman, his wife, lessors.

3. Fraser Lease

That portion of the Northwest quarter of the Southwest quarter of Section 6 in Township 3 South, Range 11 West, S. B. M., in the Rancho Santa Gertrudes, County of Los Angeles, State of California, as per map recorded in Book 1, Page 502, of Miscellaneous Records of said County, lying west of the 50 foot strip of land conveyed to the Long Beach, Whittier and Los Angeles County Railroad Company, by deed recorded in Book 378, Page 280 of Deeds, Records of said County, except the west 30 feet thereof reserved for roads, railroad, ditches and water courses,

for a term of twenty years, commencing December 14, 1921, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 744, Page 336 of Official Records, Los Angeles County, California, Allen B. Fraser and Cora S. Fraser, his wife, lessors.

4. Meyer Lease

That portion of Lot 2 of Tract No. 3152 as recorded in Map Book 36, pages 53 to 57 inclusive, records of Los Angeles County, California, described as follows: Beginning at the Northwesterly corner of said Lot 2, thence S. [fol. 172] 0° 31′ 30″ W. along the Westerly line of said lot 2, 2610.00 feet to a point; thence S. 89° 29′ E. 2641.22 feet to a point in the Easterly line of said Lot 2; thence N. 0° 31′ E. along said easterly line 378.44 feet to the Northeasterly corner of said Lot 2; thence along the Northeasterly line of said Lot 2 on the following courses and distances:—N. 47° 56′ 30″ W. 17.96 feet; N. 46° 33′ W. 1269.49 feet; N. 47° 58′ 30″ W. 615.00 feet; N. 49° 58′ W. 1304.78 feet and N. 57° 49′ 30″ W. 223.69 feet to a point in the Northerly line of said Lot 2; thence N. 89° 34′ 30″ W. along said Northerly line 40.52 feet to the point of beginning, containing 94.69 acres of land, except any portion thereof included in the lines of the Anaheim Telegraph Road as now located, for a term of 20 years, commencing September 26, 1929, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 123, Page 155 of Leases, Records of Los Angeles County, California, Victoria Meyer Meyer, lessor.

5. Peterson Lease

Lots 10, 11 and 12, Block 87, Townsite of Santa Fe Springs, Los Angeles County, California, as per map recorded in Book 26, Pages 37 et seq., Miscellaneous Records of said County, for a term of 20 years, commencing May 3, 1922, and thereafter as long as any hydrocarbon sub- [fol. 173] stances may be produced in paying quantities, recorded in Book 1115, Page 227 of Official Records, Los Angeles County, California, A. Wardman, lessor.

6. Crawford Lease

All of Lots 2 and 3 and the easterly 2/3 of Lot 4, all being in the North Half of Block 88 of Santa Fe Springs, as the same is delineated upon the map on file in the County Recorder's office of Los Angeles County, California, as per map recorded in Book 26, Page 37 et seq., Miscellaneous Records of said county, for a term of 20 years, commencing August 29, 1925, and thereafter as long as any hydro-

carbon substances may be produced in paying quantities, recorded in Book 5172, Page 67 of Official Records of Los Angeles County, California, William W. Crawford, Ruby Fife (formerly Ruby Crawford), Gertrude Shoemaker (formerly Gertrude Crawford), and John Wesley Crawford, lessors.

7. Buckbee Lease

Lots 3, 4 and 5 in Block 89, of the Town of Santa Fe Springs, in the County of Los Angeles, State of California, as per map recorded in Book 26, Page 37, Miscellaneous Records of said County, for a term of 20 years, commencing June 3, 1929, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 4490, Page 102 of Official Records of Los Angeles [fol. 174] County, California, Joseph A. Buckbee and Louisa Mary Buckbee, his wife, lessors.

E. Wilshire Annex Oil Co.

1. Eagle Lease

Lots 3, 4, 5, 10, 11 and 12, in Block 83, in the Town of Santa Fe Springs, as per map recorded in Book 26, pages 37-40, Miscellaneous Records of said Los Angeles County, for a term of 20 years, commencing December 29, 1921, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 950, Page 13, Official Records of Los Angeles County, California, James Delos Eagle and Ida D. Eagle, his wife, lessors.

2. Koontz Lease

Lots 6, 7, 8 and 9, all in Block 83 in the Town of Santa Fe Springs, as per map recorded in Book 26, Pages 37-40, Miscellaneous Records of Los Angeles County, for a term of 20 years, commencing December 6, 1921, and thereafter as long as any hydrocarbon substances may be produced in paying quantities, recorded in Book 825, Page 136, Official Records of Los Angeles County, California, William H. Koontz and Emma A. Koontz, lessors.

[fol. 175] Note.—The Babonet and the Landl leases referred to are both leaseholds held under sublease by Com-

modore Petroleum Company from the defendant Wilshire Oil Co., Inc., each for a term ending on April 15, 1940, and *as long* thereafter as long as any hydrocarbon substances may be produced in paying quantities, which, in turn, is the owner of a leasehold estate under a lease executed by the respective lessors named in the foregoing schedule in the description of said Babonet and Landl leases. By the terms of each and all of the foregoing leases and by the terms of the instruments by which the leasehold estates of these answering defendants owning the same as per the foregoing schedule are held, each of these answering defendants is required and permitted continuously, diligently and in good faith, as long as petroleum in paying quantities can be produced therefrom, to pump and operate each and every oil and gas well thereon with the exception that the Wilshire Oil Co., Inc., Cecelia, Baker and Peterson leases by the terms of each lease provide that the lessee must pump and operate each and every well thereon to its maximum capacity. By the terms of each of said leases, the lessor is entitled to a fixed proportion of all oil and/or gas or other hydrocarbon substance produced from each well. By the terms of each of said leases it is provided that the same may be forfeited upon notice varying from thirty [fol. 176] to ninety days if the lessee fails to comply with any of the obligations therein set forth to be performed by the lessee thereunder. The names of the persons who own the interests or interest of the lessors or lessor in said leases are a- follows:

A. Ambassador Petroleum Company

1. Baker lease: John S. Baker and Julia M. Baker, United States Royalties Co., S. S. Wold, and Mrs. A. Marie Fischer.

B. Bandini Petroleum Company

1. Off lease: F. R. Kenney, L. W. Wickes, Los Feliz Investment Co., and Bank of America of California.

C. Commodore Petroleum Company

1. Babonet lease: Charles Babonet.
2. Landl lease: Frank Landl.

D. Wilshire Oil Co., Inc.

1. Baker lease: John S. Baker and Julia M. Baker, Elma Y. Macklin, J. W. Bishop, Effie M. Aughtry, Edward M. Connor.

2. Cecelia lease: A. Wardman and Bonnie Wardman, Orrin Gallup.

3. Fraser lease: Allen B. Fraser and Cora S. Fraser.

4. Meyer lease: Victoria Meyer Meyer.

5. Peterson lease: A. Wardman and Bonnie Wardman, Orrin Gallup, et al.

[fol. 177] 6. Crawford lease: William W. Crawford, Ruby Fife, Gertrude Shoemaker, John Wesley Crawford, et al.

7. Buckbee lease: Joseph A. Buckbee, Louisa Mary Buckbee, et al.

E. Wilshire Annex Oil Co.

1. Eagle lease: Ida D. Eagle, F. A. Andrews, E. G. Hurst, et al.

2. Koontz lease: William H. Koontz, Emma A. Koontz, et al.

The respective lessors above enumerated each have an interest in the subject matter of this suit and their interests will be materially affected by any injunctive relief prayed for which may be granted, and they and each of them are necessary and indispensable parties to this suit. If they are not immediately made parties to this suit and served with process before any injunctive order is made, each of these answering defendants will be subjected to undue inconvenience and to danger of loss and to future litigation in that if any of these answering defendants are enjoined in this suit from fully performing the terms of each of said leases and the owners and holders of the interests of the lessors under each of said leases are not made parties to this suit there is great danger that steps will be taken by them respectively to forfeit each of said leases, and each of [fol. 178] these answering defendants is informed and believes and upon that ground alleges that if the terms of each of said leases required to be performed by each lessee are not strictly performed, said leases will be promptly forfeited and lost. Unless the lessor or lessors under each

of said leases and their successors in interest are then made parties to this suit and are then subject to the jurisdiction of this court, the granting of any injunction will lead to a multiplicity of suits against these answering defendants by reason of the matters hereinabove alleged, and each of these answering defendants will be irreparably injured and damaged.

35. The statute under which this suit is brought or the enforcement of such statute or the granting of the relief prayed for, in whole or in part, or the granting of any injunction or order restraining or prohibiting any of these answering defendants from performing any of the terms of any of said leases or depriving them, or the lessor or lessors or their successors in interest, of any of the benefits, privileges or rights under said leases, respectively, will impair the obligation of the contract of each of said leases, in violation of section 10 of Article I of the United States Constitution and of section 16 of Article I of the California Constitution and also the provisions of the Fourteenth Amendment of the United States Constitution and sections [fol. 179] 1, 13 and 14 of article I of the California Constitution, the protection of each of which each of these answering defendants hereby invokes.

36. Further answering this complaint, the reasonable value of the leasehold estates in the Santa Fe Springs oil field belonging to the Ambassador Petroleum Co. and of the buildings, rigging, equipment and other property thereon and/or appertaining, is in excess of $3,000,000.00. The reasonable value of the leasehold estate in the Santa Fe Springs oil field belonging to the Bandini Petroleum Company and of the buildings, rigging, equipment and other property thereon and/or appertaining, is in excess of $6,000,000.00. The reasonable value of the leasehold estates in the Santa Fe Springs oil field belonging to the Commodore Petroleum Company and of the buildings, rigging, equipment and other property thereon and/or appertaining, is in excess of $3,000,000.00. The reasonable value of the leasehold estates in the Santa Fe Springs oil field belonging to the Wilshire Oil Co., Inc., and of the buildings, rigging, equipment and other property thereon and/or appertaining, is in excess of $5,000,000.00. The reasonable value of the leaseholds and fee simple estate in the Santa

Fe Springs oil field belonging to the Wilshire Annex Oil Co. and of the buildings, rigging, equipment and other property thereon and/or appertaining, is in excess of $4,000,- [fol. 180] 000.00. If the relief prayed for is granted against all or any of these answering defendants each of these answering defendants will be unable to use its said lands or leaseholds or to produce oil or exercise its respective rights to mine and/or extract oil or gas therefrom with profit, and it will be commercially impracticable for each of these answering defendants to mine or extract oil and/or gas from its respective properties hereinabove set forth and described and they will be thereby deprived of the use of each of their respective properties and the use and value thereof will be largely, if not wholly, destroyed and they and each of them will be irreparably damaged to the extent of millions of dollars. To the extent that any of these answering defendants are denied or enjoined from producing oil and/or gas from any of their respective properties, and to the extent that they respectively are compelled to reduce the present gas-oil ratio as to any well now or hereafter being operated by them or any of them, and to the extent that they respectively are prohibited from wasting or releasing any of the resulting dry gas hereinabove referred to, their property will be taken and destroyed and their liberty invaded, in violation of the Fourteenth Amendment of the Constitution of the United States, and of sections 1, 13 and 14 of article I of the California Constitution, the [fol. 181] protection of each of which each of these answering defendants hereby invokes.

37. Further answering the complaint, alleges that for the past several years the defendant Wilshire Oil Co., Inc., has been the owner and operator of, and is now the owner and operator of, a casing head gasoline plant, for the extraction of gasoline from natural gas produced from Santa Fe Springs oil field, which is of the reasonable value of in excess of $750,000.00, and for more than six or seven years last past it has been the owner and operator, and is now the owner and operator, of a refinery and manufacturing plant for the refining and manufacture of gasoline and other petroleum by-products which is of the reasonable value of $1,500,000.00. It has heretofore made and executed contracts with the other answering defendants and with

other owners and/or producers of oil and gas wells for all of the natural gas produced by each of the other answering defendants from said Santa Fe Springs oil field and has similar contracts for other natural gas produced from said field by other owners and/or operators which, together with the natural gas produced by said Wilshire Oil Co., Inc., has been sufficient to permit said Wilshire Oil Co., Inc., to operate said casinghead gasoline plant to capacity at a profit by reason of the value of the casing head gasoline produced from such natural gas. Said casing head gasoline [fol. 182] plant is wholly dependent upon said contracts, and said supply of natural gas, for the operation of said casing head gasoline plant and to protect its investment therein and to secure the return upon such investment. If said natural gas so being furnished and supplied to said casing head gasoline plant is curtailed, the provisions of each of said contracts will be impaired and the property rights and interests of each of these answering defendants will be taken and confiscated to a constantly increasing extent, and if each such supply is prohibited the use and value thereof will be entirely destroyed and confiscated, all in violation of the provisions of the Fourteenth Amendment of the United States Constitution and section 10 of article I thereof, and of sections 1, 13 and 14 of article I and section 16 of article I of the California Constitution, the protection of each of which each of these answering defendants hereby invokes. The said Wilshire Oil Co., Inc., has heretofore made and executed contracts which are still in full force and effect with each of the other answering defendants excepting the Commodore Petroleum Company for all of the oil produced by them from their wells in Santa Fe Springs oil field and is dependent upon the oil so supplied and furnished to it under said contracts and upon the oil produced by itself from its wells within said Santa Fe Springs oil field for the operation of its said oil refinery [fol. 183] above mentioned, and is dependent upon the gasoline produced at said oil refinery and from its said casing head gasoline plant to supply its retail and wholesale customers in Southern California.

If the oil so being furnished and supplied to said oil refinery is curtailed, the provisions of each of said contracts will be impaired and the property rights and interests of

each of these answering defendants other than Commodore Petroleum Company will be taken and confiscated and to a constantly increasing extent, and if the relief prayed for is granted, said supply will be thereby prohibited and the use and value of said refinery will be entirely destroyed and confiscated and each of said defendants will be unable to continue in business at a profit or at all, all of which is and will be in violation of the provisions of the Fourteenth Amendment of the United States Constitution and section 10 of article I thereof and of sections 1, 13 and 14 of article I and section 16 of article I of the California Constitution, the protection of each of which each of these answering defendants hereby invokes.

Wherefore each of these answering defendants prays:

1. That the plaintiffs take nothing by this action;

[fol. 184] 2. That the lessor or lessors and their respective successors in interest under each of the leases hereinabove set forth be declared to be necessary and indispensable parties to this suit and that the plaintiffs be required forthwith to make them parties to this suit and to have summons served upon each of hem, respectively, and that no further proceedings be taken in this action affecting operations by any of these answering defendants thereon until this has been done and this court has acquired jurisdiction of them, respectively;

3. That each of these answering defendants have judgment against plaintiffs for their respective costs of suit incurred herein; and

4. For such further relief as to the court shall seem just and equitable.

Hunsaker, Britt & Cosgrove, Robert B. Murphey, Wm. L. Murphey, Attorneys for Defendants Ambassador Petroleum Co., Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Co.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Victor L. Machris, being first duly sworn, deposes and says: That I am Secretary of each of the within named

answering defendants named in the foregoing Answer; [fol. 185] that I have read said Answer and know the contents thereof, and that the same is true of my own knowledge, except as to those matters which are therein stated upon information or belief, and as to those matters, I believe it to be true.

Victor A. Machris.

Subscribed and sworn to before me this 12 day of October, 1929. Wm. L. Murphey, Notary Public in and for said County of Los Angeles.

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[fol. 186] EXHIBIT 9 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of Victor A. Machris on Behalf of Defendants Wilshire Oil Company, Inc.; Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company, and Wilshire Annex Oil Company

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Victor A. Machris, being first duly sworn, deposes and says: That he has been a resident of the City of Los Angeles, County of Los Angeles, State of California, for the past thirty (30) years; that for the past twelve (12) years he has been and now is actually engaged in the drilling of wells for oil and gas, and in the production, transportation, storage, refining and marketing of oil and gas and all kindred substances in Santa Fe Springs, Southern California,

and California; that he has been at all times and now is the Secretary of the Wilshire Oil Company, Inc., which company is engaged in the drilling of wells for oil and gas and [fol. 187] the production, transportation, storage, refining and marketing of oil and gas produced from Santa Fe Springs, in California, and elsewhere; that he has been, since the organization of, and now is, the Secretary of the Bandini Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, and that he now is the Secretary of the Commodore Petroleum Company, all of which companies are at this time actively engaged in the drilling of wells for oil and gas and the production thereof in the Santa Fe Springs Oil Field; that at all times herein stated he has had an active part in the management of the drilling of oil and gas wells and the production, transportation, storage, manufacture and sale of oil and gas produced by all the companies hereinabove named, from Santa Fe Springs and elsewhere, and that he is now and has been at all times the chief executive in charge of the refineries and gasoline absorption plants of the Wilshire Oil Company, Inc.

That he has read the affidavit of Arthur I. Davis, on behalf of the defendants, Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, on file herein, and that he knows the contents thereof, and that he knows of his own knowledge that each and every statement of the said Arthur I. Davis [fol. 188] in the said Affidavit, is true and that he makes the said affidavit of Arthur I. Davis a part of his affidavit, as if each and every statement contained therein (excepting therefrom the personal history of said Arthur I. Davis) were herein set out in full.

That he has read the Answer of the Defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc. and Wilshire Annex Oil Company, on file herein, and that he knows the contents thereof, and that of his own knowledge the same are true, except as to those matters, which in said answer are stated upon information and belief, and that he makes said answer a part of this affidavit as if said answer was herein set out in full; that he hereby incorporates and makes said answer a part of this affidavit

as if each and every denial and allegation therein were herein fully set forth.

That since the year 1921, the defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc. and Wilshire Annex Oil Company, have drilled approximately seventy (70) wells for oil in the Santa Fe Springs Oil Field and District; that each of said wells, when completed in any zone or zones in the said oil field, produced large quantities of gas and oil; that said gas is a necessary [fol. 189] incident to the flowing of said wells, but that the production of gas from said wells or any of them, has at all times been incidental and subservient to the main purpose of the drilling of said wells, to-wit: The production of oil therefrom.

That the interstices (voids or crevices) in the sands composing each of the zones in the Santa Fe Springs Oil Field, vary in different localities in the Santa Fe Springs Oil Field; that the amount of gas produced from various wells located in said Santa Fe Springs Oil Field, necessary to the proper economical and efficient production of oil, varies with the interstices of the sand from which the well is produced; that the defendants, Bandini Petroleum Company, Ambassador Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc. and the Wilshire Annex Oil Company, and each of them, in each of their said wells, are producing the said wells efficiently and economically and that the amount of gas produced from the said wells and each of them, is no more than that actually required for the economical and efficient production of oil therefrom, and that none of these defendants are unreasonably wasting the gas produced from said wells.

That the amount of oil ultimately recoverable from said field cannot, by the limitation of the amount of gas pro- [fol. 190] duced to the barrel of oil produced in any well or wells, be substantially increased, but that the amount of oil recoverable from any well or wells drilled in said field, is directly proportionate to the amount of gas produced or permitted to be produced.

That the gas produced in each and every oil well of the said defendant companies, is put to the utmost beneficial use by reason of its use in the flowing of oil wells naturally; that the natural gas when produced is used in the produc-

tion and manufacture of casinghead gasoline therefrom; that the resulting dry gas, after the extraction of casinghead gasoline from natural gas produced from said wells, is used to a considerable extent as fuel for boilers in the operations of the said defendant companies, and in the boilers of the casinghead gasoline manufacturing plant or plants; that the beneficial use to which the said gas is subjected is in excess of Forty (40%) per cent of the original volume of virgin natural gas produced; that large quantities of said resulting dry gas has been and now is being used in the flowing of oil wells by artificial means; that the value of each barrel of 33 degrees gravity Santa Fe Springs crude oil, which is the average gravity of all oil produced therefrom, is $1.35 per barrel; that the value of each one thousand cubic feet of marketable natural gas at all times has [fol. 191] been and now is less than approximately ten (10¢) cents per thousand cubic feet, so that the relative value of two thousand five hundred (2,500) cubic feet of gas to the value of one barrel of oil is less than twenty (20%) per cent.

That at numerous times since the commencement of the incidental production of gas from wells heretofore drilled by the said defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc. and Wilshire Annex Oil Company, the said defendant companies and each of them has repeatedly offered the said surplus resulting dry gas to the only known purchasers of said dry gas in the Santa Fe Springs Oil Field and district, to-wit: The Southern California Gas Company, Los Angeles Gas & Electric Company and Industrial Supply Company, but that said purchasers of gas have repeatedly refused to purchase the said gas for any price whatsoever; that there is no market whatsoever for the said surplus dry gas; that recently each and all of the said defendant companies has and/or have offered to contract to give free of cost the total amount of surplus dry gas to the Southern California Gas Company, the Los Angeles Gas and Electric Company, Industrial Supply Company and the Southern California Edison Company, a large consumer of gas, if any of said companies would [fol. 192] contract for any period of time not to exceed two (2) years, to receive the same so that said surplus gas could be utilized by said companies or their consumers,

but that each and all of said companies refused to accept the same.

Affiant is informed and believes and therefore states on information and belief, that the Standard Oil Company of California, General Petroleum Corporation, Texas Company, Richfield Oil Company of California, Union Oil Company of California, Associated Oil Company and the Shell Company of California, or some or all of them, through their officers, agents or employees, or otherwise, have purchased large blocks of stock in public utility gas companies operating in Southern California and California, and/or with the express purpose thereby of obtaining representation on the Boards of Directors of said companies, and with the purpose of obtaining contracts with the said public utility companies for the sale of all or most of their natural gas requirements.

That the said oil companies have in the past at all times monopolized, and now are monopolizing, all of the existing channels for the sale of natural gas produced from the Santa Fe Springs Oil Field; that affiant is informed and believes and states upon information and belief that the said defendant companies have formed, or are now forming, an association, which association will further monopo- [fol. 193] lize the existing markets for natural gas produced from the Santa Fe Springs Oil Field, and will not and do not intend to permit the defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company to sell their said natural gas to any existing outlet or purchaser of the same.

That it is impossible for the defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc. and Wilshire Annex Oil Company, to produce oil in Santa Fe Springs Oil Field and District, without the production of a surplus of natural gas over and above that which can be placed to a beneficial use; that if said defendants are compelled to repressure their surplus gas in any zone or zones in the Santa Fe Springs Oil Field, said defendants will be unable to operate their business at a profit due to the fact that such repressuring, even though impractical, is prohibitive in cost, and without profit, present or future.

That the Standard Oil Company of California, General Petroleum Corporation, Texas Company, Richfield Oil Company of California, Union Oil Company of California, Associated Oil Company and the Shell Company of California, or one or all of them, are now engaged in the operation [fol. 194] of and intend of necessity, if the injunction prayed for in plaintiffs' complaint be granted, to engage in the operation of transporting surplus natural gas produced from the Santa Fe Springs Oil Field, in excess of the quantities used in their operations and in excess of the amount of said natural gas that they are able to sell to the public utility companies to meet their maximum requirements, to oil field or fields other than the Santa Fe Springs Oil Field, in which these defendants have no holdings, to repressure existing oil bearing sands in said fields, and further that the defendants, Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, and each of them will be thereby prevented from any possible benefit which might result were said gas repressured in any existing oil sand in the Santa Fe Springs Oil Field, by way of the production of oil therefrom; that the said Standard Oil Company of California, General Petroleum Corporation, Texas Company, Richfield Oil Company of California, Union Oil Company of California, Associated Oil Company and the Shell Company of California, by reason of their existing contracts and monopolization of the existing markets for natural gas produced from the Santa Fe Springs Oil Field, will continue to [fol. 195] produce oil from their said wells, and unless the defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company are able to and do dispose of their said surplus gas by artificial means in the repressuring of oil bearing zones in the Santa Fe Springs Oil Field, which is prohibitive in cost, will be prevented from producing oil, and that oil to which it would be otherwise able to produce and to which they are entitled will be produced by the said defendants, Standard Oil Company of California, General Petroleum Corporation, Texas Company, Richfield Oil Company of California, Union Oil Company of California, Associated Oil Company and the Shell Company of California, through

their offset wells, and the defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company, will be deprived of their said oil which they would otherwise produce and be entitled to.

That if the defendants, Ambassador Petroleum Company, Bandini Petroleum Company and/or Commodore Petroleum Company and/or Wilshire Annex Oil Company and/or Wilshire Oil Company, Inc. are compelled to dispose of their surplus natural gas by artificial means by repressur- [fol. 196] ing existing zones in the Santa Fe Springs Oil Field, they by so doing will force and propel oil existing under their respective properties located on the edges of the Santa Fe Springs Oil Field, to other producers of oil in said field and having off-set wells, and be thereby deprived of oil to which they would otherwise be entitled and could produce through existing or new wells.

That the limitation of the production of gas would thereby entail a limitation of the amount of crude oil produced in the Santa Fe Springs Oil Field, thereby causing a shortage of petroleum produced in Southern California, and a subsequent increase in the price of said oil, and the necessarily subsequent increase in the price of commercial gasoline; that the People of the State of California will be compelled thereby to pay enormous sums of money for commercial gasoline in excess of what they are now paying; that the detriment to which the People of the State of California will suffer thereby is greatly in excess of any saving which might be occurred by reason of the conservation of the gas.

That the defendants, Wilshire Annex Oil Company and Wilshire Oil Company, Inc. have no well or wells at the Santa Fe Springs Oil Field, wherein can be injected or pumped any surplus natural gas produced from their said [fol. 197] properties; that the defendants, Ambassador Petroleum Company and Bandini Petroleum Company have no well or wells at the Santa Fe Springs Oil Field, wherein can be injected or pumped any surplus natural gas produced from their said properties, without the cessation of production of oil therefrom; that the said defendants are owners of leasehold estates and of real property located in Santa Fe Springs Oil Field; that oil has heretofore been

produced on said parcels of real property under their respective leases and that the said defendants have, respectively, vested interests in and to the oil located in and under said real property covered by said leases; that in and by the terms of said leases under which the defendants are holding their respective real properties and are producing oil and gas therefrom, there is contained a provision to the effect that said respective defendants, as lessees, shall pump and/or operate each and every oil well drilled upon said real properties, diligently and in good faith and in some instances to their maximum capacity; that if an injunction or temporary restraining order be granted in the above entitled cause, and said respective defendants are compelled to cease or diminish the production of oil and gas from said wells, that they and each of them may be under default under the terms and conditions of said leases, and lessors may serve notice of forfeiture on the [fol. 198] respective defendants, and for a continuation of the said failure to produce oil from said real property, the said defendants and each of them, as lessees under the respective leases, may forfeit their entire leasehold estates; that the leasehold estate of the Bandini Petroleum Company, in the Santa Fe Springs Oil Field is of a value in excess of Six Million ($6,000,000.00) Dollars; that the leasehold estate of the Ambassador Petroleum Company in the Santa Fe Springs Oil Field is of a value in excess of Three Million ($3,000,000.00) Dollars; that the leasehold estates of the Wilshire Oil Company, Inc., in the Santa Fe Springs Oil Field are of a value in excess of Five Million ($5,000,000.00) Dollars; that the leasehold estates of the Wilshire Annex Oil Company, are of a value in excess of Four Million ($4,000,000.00) Dollars; that the leasehold estates of the Commodore Petroleum Company, are of a value in excess of Three Million ($3,000,000.00) Dollars; that none of said land-owners have been named as parties defendant in the above entitled cause.

That a flowing oil well in the Santa Fe Springs oil field cannot be "pinched in" or closed in, in order to conserve gas produced therefrom, without endangering and jeopardizing the total production of oil capable of being produced therefrom, and such pinching in or closing in will materially [fol. 199] decrease the ultimate production of oil which

would otherwise be produced, with the resulting loss of hundreds of thousands of dollars in each instance; that the major part of the production of an oil well must occur in the early life of said well; that numerous oil wells owned by the Standard Oil Company of California, General Petroleum Corporation, Texas Company, Richfield Oil Company of California, Union Oil Company of California, Associated Oil Company and Shell Company of California, and adjacent to the property of these defendants, are producing from or are about to produce from the same oil zones as those from which these defendants are now producing, and that the production from said zones will rapidly decrease the amount of oil therein; that the Standard Oil Company of California, General Petroleum Corporation, Texas Company, Richfield Oil Company of California, Union Oil Company of California, Associated Oil Company and Shell Company of California, by reason of their ability to dispose of any surplus gas that they might have, on account of their existing contracts for the sale of said surplus gas, or by reason of their being able to make enormous investments in equipment and therefore being able to dispose of their surplus gas by injection into depleted zones elsewhere, will produce and convert to their own use oil now producible by these defendants, should these defendants be compelled to cease producing oil as [fol. 200] will be the case should the injunction prayed for in this action be granted, all to the great and irreparable injury and loss to these defendants, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Annex Oil Company and Wilshire Oil Company, Inc., and each of them; that by the "pinching in" or closing down of the said oil wells, or any of them, the respective lessors of the lessee, and these defendants, and each of them, will suffer great and irreparable injury and damage to the extent of many millions of dollars.

Victor A. Machris.

Subscribed and sworn to before me this 18th day of October, 1929. Wm. L. Murphey, Notary Public in and for the County of Los Angeles, State of California. (Notary Seal.)

[fol. 201] EXHIBIT 10 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of George L. Machris on Behalf of Defendants Wilshire Oil Company, Inc.; Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company, and Wilshire Annex Oil Company

STATE OF CALIFORNIA,
County of Los Angeles, ss:

George L. Machris, being first duly sworn, deposes and says: That he has been a resident of the County of Los Angeles, State of California for the past thirty (30) years; that for more than twelve (12) years last past he has been and now is actively engaged in all branches of the petroleum industry; that he has managed and directed during said time, and is now managing and directing the drilling of all wells for oil and gas drilled by the Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company; that he has during said time [fol. 202] managed, and directed, and now is managing and directing the production, transportation, storage, refining and marketing of the oil and gas and all kindred substances produced by said companies; that the Wilshire Oil Company, Inc., has been, at all times herein mentioned, actively engaged in the drilling of wells for oil and gas, and the production, transportation, refining and marketing of oil and gas produced from the Santa Fe Springs Oil Field, and from and in other oil fields; that the Bandini Petroleum Company, Ambassador Petroleum Company, Commo-

dore Petroleum Company and Wilshire Annex Oil Company have been since their organization actively engaged in the drilling of wells for oil and gas and the production thereof, in the Santa Fe Springs oil field.

That he has been at all times, and now is the President of the Wilshire Oil Company, Inc., Bandini Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, and that he now is the President of the Commodore Petroleum Company, and that by virtue of such position in said companies, he is well acquainted with the economical and financial phases of the petroleum industry and with all problems incident thereto as well as with the problems incident to the operations hereinbefore set out.

[fol. 203] That he has become thoroughly acquainted with the geological and subsurface conditions in the Santa Fe Springs oil field and with the practical problems incident to the drilling of wells for oil and gas in said field and the production of oil and gas therefrom.

That he has read the affidavit of Arthur I. Davis on behalf of the defendants, Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, on file herein, and that he knows the contents thereof, and that he knows of his own knowledge and from his own experience that the statements of the said Arthur I. Davis in said affidavit are true, and that they are founded upon facts established by the experience of drillers of oil and gas wells and/or operators in the Santa Fe Springs oil field and in other oil fields in Southern California; that he makes the affidavit of Arthur I. Davis his own affidavit as if each and every statement contained therein (excepting the personal history of the said Arthur I. Davis) were in this affidavit set out in full.

That he has read the Answer of the defendants, Wilshire Oil Company, Inc., Wilshire Annex Oil Company, Ambassador Petroleum Company, Bandini Petroleum Company and Commodore Petroleum Company, on file herein, and [fol. 204] that he knows the contents thereof, and that of his own knowledge the same are true, except as to those matters which in said Answer are stated upon information and belief, and as to those matters, he believes them to be

true, and that he makes said answer a part of this, his affidavit, as if said answer was in this affidavit set out in full.

That he has read the affidavit of Victor A. Machris on behalf of the defendants, Wilshire Oil Company, Inc., Wilshire Annex Oil Company, Bandini Petroleum Company, Ambassador Petroleum Company and Commodore Petroleum Company, on file herein, and that he knows the contents thereof, and that he knows of his own knowledge that each and every statement of the said Victor A. Machris in said affidavit is true, and that he makes the said affidavit of Victor A. Machris his own affidavit as if each and every statement contained therein (excepting therefrom the personal history of the said Victor A. Machris) were in this affidavit set out in full.

George L. Machris.

Subscribed and sworn to before me this 18th day of October, 1929. Wm. L. Murphey, Notary Public in and for the County of Los Angeles, State of California. (Notarial Seal.)

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[fol. 205] EXHIBIT 11 TO PETITION

In the Superior Court of the State of California in and for the County of Los Angeles

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of Arthur I. Davis on Behalf of Defendants Wilshire Oil Company, Inc.; Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Arthur I. Davis, being first duly sworn, deposes and says: That he is, by profession, a Mining and Petroleum Engi-

neer; that he was graduated in Mining Engineering, Faculty of Applied Science and Engineering of the University of Toronto, and received the degree of Bachelor of Applied Science in 1910; that during the period from 1910 to 1913, he was employed by various mining companies operating in Northern Ontario Canada, as a Mining Engineer and Geologist; that from 1913 to 1914, he was employed as a Mining Engineer by the International Nickel Company, Sudbury Canada; that during 1915 and 1916, he was em-
[fol. 206] ployed as an Engineer and Geologist by the United States Gypsum Company; that during 1917 he was employed as a Mining Engineer by the Burma Mines Corporation, Northern Shan States, Burma; that from 1918 to 1921, he was in active service in the Royal Engineers in India, Persia, Wazeristan and Mesopotamia; that during 1922 he was employed by the Associated Oil Company in the State of California, in its Geological Department; that during 1923 and 1924 he was assistant to J. P. del 'Eau as a Mining and Petroleum Engineer and Geologist; that from 1925 to the present time he has been and now is operating as a Consulting Geologist and Petroleum Engineer for the Wilshire Oil Company, Inc., Wilshire Annex Oil Company, Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Reliance Oil Company, Jameson Oil Company, Globe Petroleum Corporation, Southwest Petroleum Company, Twin Bell Oil Company and Nordon Corporation, Limited, Canada; that during such time and while in the employ of the above named companies, affiant has become thoroughly acquainted with the geological and subsurface conditions in the Santa Fe Springs Oil Field and has become well acquainted with the drilling and production of oil and gas from all the zones in the Santa Fe Springs Oil Field, and other oil fields in Southern California, and other oil fields in the State of California.

[fol. 207] That he is thoroughly familiar with the geological formations and the drilling for and production of oil from the various oil and gas producing zones in the Santa Fe Springs Oil Field; that the geological structure at said field is that of a convex dome; that the major axis on said field runs approximately east and west and is more or less correctly set forth on the map attached as Exhibit "A"

of plaintiffs' complaint; that the other axis shown on Exhibit "A" and which runs approximately north and south, is not, in his opinion, correctly disclosed on Exhibit "A" of plaintiffs' complaint, but that said axis should correctly be placed approximately one thousand two hundred (1,200) feet easterly from said cross section line as disclosed on said map attached to plaintiffs' complaint as Exhibit "A," so that the intersection of said lines should be at a point at or near the northeast corner of the town lot section, and at or near the intersection of Butler Road and Anaheim Telegraph Road.

That each of the zones mentioned in plaintiffs' complaint varies as to thickness, composition and lateral extent in the Santa Fe Springs Oil Field; that each of said zones is composed of sand, sandy shale and shale members; that the proportionate amount of sand, sandy shale and shale bodies comprising each and all of said zones varies materially from point to point and within short distances, laterally [fol. 208] as well as vertically; that the sands comprising a portion of said zone vary materially in porosity, hardness and texture between well locations and within short distances throughout the extent of said zone or zones in said field, and in many instances wells drilled within not more than three hundred (300) feet of each other have varied to the extent that one well encountered almost all shale and sandy shale in said zone, while the other of said wells encountered practically all sand with very little shale or sandy shale; that the production of oil and gas in wells in the Santa Fe Springs Oil Field depend to a great extent on the zone in which they are completed, the proportion of sand, sandy shale and shale members encountered in the zone and the porosity, hardness and texture of the sands encountered in the particular zone.

That the oil and gas existing in the zones in the Santa Fe Springs Oil Field were and are highly volatile, which accounts for the light gravity oil produced therefrom; that the oil and gas contained in the zones in the Santa Fe Springs Oil Field exist under high pressure; that a large percentage of the gas in said zone or zones, due to said high pressure, exists in the form of a liquid in solution with the oil, forming one homogeneous liquid body or substance; that when a well is drilled into an oil formation the effect is [fol. 209] to release the pressure at and near the well,

causing the oil and gas contained in the oil to flow towards and through the well; that whenever natural gas is present in solution or associated with underground deposits of oil, it is impossible to produce such oil without also producing gas in solution or association therewith, there being no known means for separating the oil from the gas and leaving the gas in the underground formations when bringing the oil to the surface; that when a well is placed on production there is caused to be created underground drainage channels surrounding the well, but the drainage area of each well is confined to a short distance from the well, varying as to the drainage of oil and the drainage of gas; that due to the variations in the zones, and within the same zone in the Santa Fe Springs Oil Field, as to the proportion of sand, sandy shale and shale members existing in the zone and the porosity, hardness and texture of the sands encountered in the particular zone as hereinbefore stated, the production of oil and/or gas from any well does not, in his opinion, affect the whole of the oil field, but is confined to a very limited area adjacent to the well; that the greatest production of oil from an oil field is accomplished by intensive drilling due to the fact that a few wells will produce more gas to the barrel of oil than if a larger number of wells are drilled, which fact is due to the relative [fol. 210] drainage area of gas being larger than that of oil; that the first wells drilled in an oil field usually obtain a larger production of oil and gas due to the underground channels hereinabove mentioned; that the production of oil in a well is the primary and most valuable use to which gas may be put; that the commercial value of oil and its many utilities, greatly exceeds the commercial value and utilities of gas; that without gas it is not commercially possible to produce oil from depths to which wells have been drilled in the Santa Fe Springs Oil Field.

That the production of oil and gas and the gas-oil ratio of any producing well drilled into any of the zones in the Santa Fe Springs Oil Field, differs materially from the production of oil and gas and the gas-oil ratio of any other producing well drilled into the same zone or other zones, even though these wells may off-set each other; that there is no known method for artificially controlling the ratio of the quantity of gas to the quantity of oil concurrently produced from any well in the Santa Fe Springs Oil Field;

that there is no known method by which it is possible to lower the gas-oil ratio on a flowing well without jeopardizing the well; that there is no known method for obtaining a maximum production of oil with a minimum production of gas from any oil zone; that the known methods for artificially altering the quantity of gas and oil concurrently [fol. 211] produced from any flowing well, depend upon the adjustment of the "flow bean" at the well, causing the flow of the well to be "pinched in" or opened up; that allowing for a normal decline in production, the "pinching in" or reduction in the production of oil and gas from a well is hazardous to said well in that the same can never be returned to the same original production or degree of efficiency.

That there are certain elements which may be considered in determining whether a given well is producing on an efficient gas-oil ratio without changing the mechanical condition of or operating condition of the well; that one consideration is the location of the well, due to the fact that wells located on the top of a structure such as Santa Fe Springs Oil Field, are inclined to produce larger quantities of gas to the barrel of oil, but this statement cannot be definitely and generally applied to all wells due to variations in general underground conditions; that other factors are the mechanical condition of the well, such as depth and size of casing, the particular formation or zone from which the well may be producing, type and size of perforations in the oil string, previous production, the age of the well, and comparing the production of a particular well with other off-set wells producing from the same sand or formation; that the question of gas-oil ratios has only arisen in the [fol. 212] petroleum industry within the past two or three years and that this point of development is more or less theoretical; that the experimentation on a producing well, such as lowering of tubing, etc., are not practical, as there is no assurance that the same well will produce on a more efficient gas-oil radio and also that said wells by such disturbances may cease to produce oil and/or gas entirely; that it is impossible to set an arbitrary gas-oil ratio that would be equitably applicable to all the wells producing in the Santa Fe Springs Oil Field, or that would be equitably applicable to all the wells producing in a certain circumscribed area in the Santa Fe Springs Oil Field, or that

would be equitably applicable to all the wells from any certain zone in the Santa Fe Springs Oil Field, or that would be equitably applicable to all the wells producing from a certain area of any zone in the Santa Fe Springs Oil Field, but that each and every well must be considered as an individual problem in determining an efficient and equitable gas-oil ratio for said well; that if an arbitrary ratio, such as three thousand (3,000) cubic feet to a barrel of oil is established, said ratio will, in many instances, cause the complete cessation of production of oil and gas from certain wells, because it will be impossible to reduce the ratio to that required; that it is generally known among Petroleum Engineers from experience, and affiant states that if a well [fol. 213] is "killed", even for a short period of time, that said well rarely, if ever, can be again returned to the same rate of production or efficiency, but in most instances the future production of oil and gas from said well will be materially and substantially jeopardized and in many instances entirely lost.

That when a well is drilled in a workman-like manner, using the modern and improved appliances in accordance with the best oil field practice in the Santa Fe Springs Oil Field, the production of oil to gas in many and most instances are directly proportionate to the amount of oil produced; that if a back-pressure is built up in a well by the "pinching in" or changing of "flow beans" in any well producing from a high pressure formation such as exists in the Santa Fe Springs Oil Field, in the Buckbee, O'Connell, Hathaway and Clark Sands, such wells are subject to the hazard of "blowing out", so that beyond a certain restriction, the only practical and safe way is of necessity to "kill" said wells either by pumping of mud or other substance under high pressure into said well; that if the production of one well is substantially decreased or entirely "shut in", and surrounding wells are permitted to produce oil and gas from the same oil zone, the underground channels are changed so as to cause and permit the oil and gas which would otherwise have been produced from the [fol. 214] well "killed", to flow and be produced by such surrounding or off-set wells.

That the "pinching in" of oil and gas or lowering of the gas-oil ratios, if this were possible, of the present flowing wells in the Santa Fe Springs Oil Field, would not, in affiant's opinion, increase the total ultimate production of oil from said field, but would delay and tend to decrease rather than increase the total ultimate recovery of oil in said field.

That affiant has made a careful and thorough analysis of the mechanical conditions of each and every well of the defendants, Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, and considering all available factors known to the petroleum industry in determining the efficiency of the production of oil and gas, states that in his opinion each and every one of said wells is producing oil and gas in an efficient, economical and mechanically correct manner; that each of said wells has been drilled in a workman-like manner and in accordance with the best known practice and usage in the oil industry in the State of California, and in accordance with the laws of the State of California; that each of said wells is producing no more gas than is reasonably necessary in the production of oil in the quantities that [fol. 215] are now being produced therefrom; that none of said defendants are producing any more gas than is reasonably necessary in the production of oil from each of their respective wells; that considering the amounts of oil being produced by said defendants from their respective wells, the amount of gas being produced from said respective wells, is no more than should safely, reasonably and economically be taken from said wells, and is not jeopardizing or interfering with the correlative rights of other operators in the same zone o zones or in said oil field; that the quantity of gas being produced from each of said defendants' wells, is not jeopardizing the efficiency of the production of any wells surrounding said well or wells; that said wells and each of them are, in most instances, producing oil and gas in a more efficient manner and with a lower gas-oil ratio than any off-set wells owned and operated by other producers of oil in the Santa Fe Springs Oil Field, and that the production of gas from each and every one of the wells of said defendants, is not inefficient or wasteful, and is not unreasonably affecting the rights of other

operators in the Santa Fe Springs Oil Field to produce oil and gas in an efficient manner.

That within the last two years there has been advanced in the petroleum industry, the idea that gas might be in- [fol. 216] jected into depleted oil zones and thereby conserved for future production and use; that to date, repressuring is in the experimental stage, the success of which is problematical, conjectural, hypothetical and not capable of proof; that one experiment has been carried on, but to date, allowing for the natural production of gas in said field and its normal decline, there has been recovered less than five (5%) per cent in volume of the gas injected therein.

That the cost of repressuring or injecting of gas into a depleted oil zone is now prohibitive to the extent that if each operator in the Santa Fe Springs Oil Field is required to repressure any zone therein, it will jeopardize his operations to the extent that he will not be able to extract oil and gas through his wells at a profit; that considering the cost of repressuring and compared to the possible benefits to any operator in any field, it may safely be stated that repressuring and storage of gas is impractical due to the fact that the value of any gas which might be recoverable is very small as compared with the cost of repressuring; that it is an utter impossibility, mechanically, to repressure or store gas in existing oil zones in the Santa Fe Springs Oil Field from which wells are now flowing; that at the present time there is not sufficient data or experience to assure an [fol. 217] operator or operators that gas injected into a partially depleted oil zone will increase the recovery of oil to any appreciable extent; that the quantity of gas now capable of being injected into oil zones or depleted oil zones, is relatively small to the total gas at present being produced; that if the operators are required to repressure any zone and thus utilize surplus gas, and if some of the gas is transported to other oil fields and repressured therein, then the operators in the field from which the gas was produced would be deprived of any benefits which might accrue were it injected artifically into the zone or zones in the field from which it was produced.

That the repressuring of gas produced at Santa Fe Springs Oil Field, is impractical, prohibitive in cost and will result in undue hardships upon certain operators, to the advantage of other operators, in direct contravention

of the correlative rights of each operator to produce oil and gas from his properties.

Arthur I. Davis.

Subscribed and sworn to before me this 18th day of October, 1929. Wm. L. Murphey, Notary Public in and for the County of Los Angeles, State of California. (Notarial Seal.)

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[fol. 218] EXHIBIT 12 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of Merwin H. Soyster on Behalf of Defendants Wilshire Oil Company, Inc.; Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Merwin H. Soyster, being first duly sworn, deposes and says: That he is, by profession, a Petroleum Engineer and Geologist; that for the three years from 1911 to 1914, he attended the California Institute of Technology at Pasadena, California, where he majored in petroleum technology, chemistry and engineering; that for the two years, from 1914 to 1916, he attended the University of California, at Berkeley, where he majored in petroleum engineering and geology; that from May 1916 to March 1918, he was employed by the General Petroleum Corporation and the Security Oil Company, in doing various kinds of prac-
[fol. 219] tical oil field work; that from June 1918 to May

1920, he was employed by the California State Mining Bureau, Department of Petroleum and Gas, at Bakersfield, California, as a Petroleum Engineer; that from May, 1920 to March, 1921, he was employed by the aforesaid Bureau and Department as a Deputy State Oil and Gas Supervisor at Santa Maria, California; that from March, 1921 to March 1, 1923, he was employed by the aforesaid Bureau and Department as a Deputy State Oil and Gas Supervisor at Los Angeles, California; that since March 1, 1923, he has been and now is operating as a Consulting Geologist and Petroleum Engineer for the hereinafter named companies, his work having special reference to the drilling, completion and production of oil wells in all fields in the State of California, and particularly those in Southern California; that said companies are:

Wilshire Oil Company, Inc.;
Wilshire Annex Oil Company;
Bandini Petroleum Company;
Commodore Petroleum Company;
Ambassador Petroleum Company;
Allied Petroleum Corp.;
Archer Oil Co.;
Barry Oil Co.;
Bay Hills Oil Co.;
Campbell Oil Co.;
[fol. 220] Casa Blanca Oil Co.;
Concord Oil Co.;
H. F. Alexander;
Davis & Macmillan Co.;
Fred B. Foster & Co.;
Harmony Oil Co.;
Henderson Petroleum Corp.;
Modoc Petroleum Co.;
Mohawk Oil Co.;
Olympic Refining Co.;
Rainbow Petroleum Co.;
Star Petroleum Co.;
Transport Oil Co.;
U. S. Oil & Royalties Co.;
Vesta Petroleum Co.;
Western Drilling & Producing Co.;
Western Oil & Refining Co.;

World Petroleum Corp.;
Twin Bell Oil Syndicate;
Second Twin Bell Syndicate;
Third Twin Bell Syndicate;

that during such time and while employed as above set out, he has become thoroughly acquainted with the geological and subsurface conditions in the Santa Fe Springs Oil Field and has become well acquainted with the drilling for and production of oil and gas from all the zones in the Santa Fe Springs Oil Field, and other oil fields in Southern [fol. 221] California, and in the State of California, and that he is thoroughly familiar with the geological formations in the drilling for and the production of oil from the various oil and gas producing zones in the said Santa Fe Springs Oil Field.

That he has read the affidavit of Arthur I. Davis, on behalf of the defendants, Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company and Wilshire Annex Oil Company, and that he knows the contents thereof, and that he knows of his own knowledge that each and every statement of the said Arthur I. Davis in the said affidavit, is true, and that he makes the said affidavit of Arthur I. Davis his own affidavit as if each and every statement contained therein (excepting therefrom the personal history of the said Arthur I. Davis) were in this affidavit set out in full.

Merwin H. Soyster.

Subscribed and sworn to before me this 18th day of October, 1929. Wm. L. Murphey, Notary Public in and for the County of Los Angeles, State of California. (Notarial Seal.)

[fol. 222] EXHIBIT 13 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of Roy G. Mead on Behalf of Defendants Wilshire Oil Company, Inc., Bandini Petroleum Company, Commodore Petroleum Company, Ambassador Petroleum Company, and Wilshire Annex Oil Company

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Roy G. Mead, being first duly sworn, deposes and says:

That he is by profession, a Mining and Petroleum Engineer; that he attended the University of Arizona and graduated from the College of Mining Engineering of same in the year 1906, with the degree of B. S. in Mining Engineering; that after graduation he studied for one year Advanced Geology under Professor C. F. Tolman, who is now Professor of Geology at Leland Stanford, Jr., University; that he has been actively engaged in mining engineering work since the year 1906, and that since 1911 he has been engaged almost exclusively in geological and [fol. 223] engineering work as applied to the petroleum industry; that from 1911 to 1916 he was employed by the United States Government in the field service of the Department of the Interior, during which time he made geological investigations of oil lands in Southern California; that during the period from 1916 to 1918, he was employed as Superintendent and General Manager of the Troy Arizona Copper Company, at Troy, Arizona; that he resigned from that position to enter into military service as Captain of Engineers in the United States Army, serving until

February 1919; that from 1919 to 1921 he was engaged in private practice in Los Angeles, doing geological work in Southern California, Utah and Wyoming; that from 1921 to 1923 he was employed as Assistant Geologist by the Associated Oil Company, and during a portion of that period was Resident Geologist for said oil company in the Long Beach oil fields; that from 1923 to 1925, he was employed as Consulting Engineer and Geologist by numerous independent oil companies operating in the Long Beach and Santa Fe Springs oil fields; that during a portion of said time he studied and analyzed the Santa Fe Springs oil field and the oil and gas production therefrom, and from the Long Beach oil field, and other oil fields in Southern California; that since 1925 he has been engaged in private practice as [fol. 224] a Geologist and Petroleum Engineer with headquarters in Los Angeles, California, and now has offices at 1220 Chapman Building; that his work as Consulting Engineer and Geologist has been done in the states of California, Arizona, New Mexico and Utah; that he has made a study of the Los Angeles Basin oil fields, including therein, the Santa Fe Springs oil field, since the field first became known; that he is also familiar with every field in the Los Angeles Basin; that he is familiar with and has made a study of the subsurface conditions in the Santa Fe Springs oil field relative to the occurrence, accumulation and production of oil and gas from, and of the drilling, completion and operation of wells in the said Santa Fe Springs oil field, as well as other oil fields in the State of California; that he is familiar with properties of the defendants on whose behalf he makes this affidavit, and the wells thereon.

That the geological structure of the Santa Fe Springs oil field is that of a convex dome, curving downward from the highest point thereof at an angle of approximately five degrees from the horizontal, the major axis thereof extending approximately east and west as is shown on the map marked Exhibit "A" attached to plaintiffs' complaint herein; that the minor or transverse axis of said structure intersects said major axis approximately at the intersection of [fol. 225] Butler Road and Anaheim Telegraph Road, which point is approximately one thousand two hundred (1,200) feet easterly from the intersection of the said axes,

as shown on the map marked Exhibit "A" attached to plaintiffs' complaint.

That the oil producing horizon of the Santa Fe Springs structure is made up of a number of separate oil and gas producing zones, varying in thickness, each zone being separated from adjoining zones by impervious strata of shale; that the oil and gas producing zones attain their greatest thickness at or near the intersection of the major and minor axes hereinabove described; that the exact number of separate and distinct oil and gas zones underlying the Santa Fe Springs oil field is unknown; that some of said zones extend under but a portion of the total area known as the Santa Fe Springs oil field; that one or two of said oil and gas zones extend in and under the entire area of said field, the upper zones being smaller in area and underlying only a portion of the total field, while the lower zones are greater in extent and occupy a greater area under said field; that each of the aforesaid zones underlying the Santa Fe Springs oil field varies as to its thickness, its composition and its lateral extent; that said zones are composed of sand, sandy shale and shale, the proportion of sand, sandy shale and shale comprising each of said zones [fol. 226] varying materially from point to point and within short distances, laterally as well as vertically; that the sand- comprising a portion of said zone or zones vary materially in hardness, thickness and porosity between well locations, and within short distances throughout the extent of said zone or zones within said field; that in many instances wells drilled into the same zone in said field within short distances of each other have penetrated formations of entirely different character, one well encountering all shale and sandy shale in a particular zone, while a neighboring well located but a short distance away would encounter all sand with very little shale or sandy shale in the same zone; that the sand or sands composing the oil or gas producing zones underlying the Santa Fe Springs oil field, are made up of grains of an infinite variety of forms and sizes, between which occur pore spaces, voids or interstices filled with oil and gas under high pressure, said pressure being due to the superimposed formation, hydrostatic head, and to the expansive force of the compressed gas in solution with or dissolved in the oil; that the occurrence of oil and

gas encountered and existing in the several zones underlying the Santa Fe Springs oil field is due to the migration of the oil and gas which was originally disseminated throughout the underlying beds when they were in a horizontal position; these underlying beds were disturbed by [fol. 227] earth stresses resulting in the formation of the now existing underlying structure or dome, and the oil and gas under the influence of the surrounding water then migrated toward the higher points of the structure, the percentage of gas in solution in the oil being greater near the top of the structure than lower on the flanks; that the hydrocarbon substances encountered in the several zones of the Santa Fe Springs oil field are under a very high pressure which increases proportionately with the depth of said zone below the surface of the earth. The greater percentage of the gas in said zone or zones, due to said high pressure, exists in solution in the oil, forming a homogeneous liquid body or substance. Because of the fact that the proportion of sand and shale within the various zones varies materially from point to point within short distances, both laterally and vertically, and because of the fact that the porosity, hardness and texture of sand and shale also varies, and because of the fact that the propulsive energy necessary to flow the oil is depleted in overcoming the resistance offered by the hard, compact and non-porous stratas in the sand, the movement of the oil and gas in each zone is retarded and confined to a limited area surrounding each well; that when a well penetrates one of the zones underlying the Santa Fe Springs oil field, the gas pressure in the immediate vicinity [fol. 228] of said zone is released and lowered at the well, the lowering of said pressure causing the oil and gas to move toward the point of low pressure; that the area affected by the lowering of said gas pressure is limited to that immediately surrounding the well and does not affect the entire area of the Santa Fe Springs oil field, nor the entire zone which the well has penetrated; that from the point of low pressure at the well the pressure increases laterally from the well to a point where the equilibrium is not disturbed by the lowering of said pressure by said well. The extent of the area surrounding said well which will be drained of oil and gas, and the point of equilibrium depends upon the formation of the zone penetrated, the proportion

of sand, sandy chale and shale, together with the porosity, hardness and texture of same, the viscosity, permeability and surface tension of the oil, and upon the pressure and temperature existing in the formation.

That the production of oil and gas from any well penetrating any zone in the Santa Fe Springs oil field does not affect the pressure or the production of oil or gas in the entire field—it affects only a small area immediately surrounding the well; in some instances the daily flowing production of oil and gas from a given well in said field has not been affected or decreased by the production of oil and [fol. 229] gas from a well subsequently placed on production from the same zone located within a distance of 200 ft., and in some instances located within a lesser distance; in many instances the initial and subsequent production of such nearby wells brought in at a later date from the same zone is greater than the initial or daily production of the earlier well; that whenever gas is encountered in solution with oil in a natural subsurface formation such as the producing zones of the Santa Fe Springs oil field, it is impossible to produce the recoverable oil in said reservoir without also producing the gas in the proportion in which the gas existed in or with the oil in its original state. There is no known means or method of separating the gas in solution with oil from said oil, so as to leave all or a part of said gas in the underground reservoir and produce the oil with a ratio of gas to oil lower than the original proportion of gas to oil as they existed in the underground reservoir in their original state. In zones such as underly the Santa Fe Springs oil field, the presence of oil without gas in solution therewith would be of no economic value. Without gas in solution with oil it is impossible to produce oil from any of the deeper zones underlying the Santa Fe Springs oil field; and by virtue of the propulsive power furnished by the gas, the production of oil from a well is the primary and most valuable use to which the gas may be put.

[fol. 230] That in the production of oil and gas, the amount of gas produced with each barrel of oil in any particular well drilled into any of the productive zones in the Santa Fe Springs oil field, differs materially from that of any other producing well drilled into the same zone or into any other zone or zones, even though one well may

offset another. One well may produce oil with a much greater proportion of gas to a barrel of oil than a closely adjacent well drilled into the same zone, and to the same depth, the production of oil and the proportionate amount of gas produced with a given quantity of said oil being entirely dependent upon the proportion of gas and oil as it originally occurred in its natural state, and other uncontrollable conditions next mentioned. The proportionate amount of gas produced to each barrel of oil in any particular producing well is spoken of as the "gas-oil ratio." The gas-oil ratio of any well producing from any particular zone in the Santa Fe Springs oil field is dependent upon the original proportion of gas to oil in their natural state, the formation pressure, porosity of the sand, the viscosity of oil contained in same and the pressure differential. The gas-oil ratio or the quantity of gas produced with each barrel of oil in any given well will increase, as the pressure declines, as the life of the well lengthens, and as the quantity of oil pro- [fol. 231] duced from said well declines, therefore, the gas-oil ratio is not an index of production efficiency and is not a constant, but is a variable factor; that the minimum gas-oil ratio may and does vary in any particular well in the Santa Fe Springs oil field from a few hundred to several thousand cubic feet of gas per barrel of oil, and in each case be the most efficient minimum gas-oil ratio for that particular well at that particular time. The minimum gas-oil ratio also varies for different wells in the same field, producing from different zones and from the same zones even though the wells are located within very short distances of each other, such as offset wells. There are many elements to be considered in determining whether a given well is producing on an efficient minimum gas-oil ratio. The difference in this ratio between wells in the same zone and in the same field is due to subsurface conditions over which the operator has no control. That one element to be taken into consideration is the location of the well, due to the fact that wells located on the top or dome of a structure such as exists in the Santa Fe Springs oil field, produce larger quantities of gas to the barrel of oil, but that this cannot be definitely stated as a rule to be applied to all wells, due to variations in various subsurface conditions; that other factors are the mechanical condition of the well, such as

[fol. 232] the depth and size of the casing, the type and size of perforations in the oil string, the age of the well and the composition of the formation or zone from which the well is producing; that the establishment of a definite and uniform gas-oil ratio for all wells in the Santa Fe Springs oil field, or the establishment of a definite and uniform gas-oil ratio for each and every well in said field is arbitrary and unreasonable and is not in accordance with the most conservative and economical methods of producing oil in said field, and will not effect the conservation of the gas contained in the sand underlying said field; that the fixing of a gas-oil ratio for any zone in the Santa Fe Springs oil field would be highly impracticable and impossible of enforcement without causing the complete cessation of the production of oil and gas from many wells in said field; that the fixing for any definite length of time of a gas-oil ratio on any particular well would likewise be unjust and unequitable by reason of the continual changing conditions in said well.

That affiant has made a careful and thorough study and analysis of each of the wells in the Santa Fe Springs oil field, complained of by plaintiffs, which are operated by the defendants herein on whose behalf he makes this affidavit, and considering all standards known to the petroleum industry in determining the economical and efficient produc-[fol. 233] tion of oil and gas, affiant states that in his opinion each of these wells is producing oil and gas in an efficient economical and workmanlike manner in accordance with the best known usage in the petroleum industry, and in accordance with the laws of the State of California; that each of said wells in producing no more gas than is reasonably necessary in the production of oil in the quantities that are now being produced therefrom; that none of said defendants are producing any more gas from any of said wells than is reasonably necessary in the production of oil therefrom; that the amount of gas being produced from each of said wells is no more than should safely, reasonably and economically be produced, and is not jeopardizing or interfering with the operations or any correlative rights of any other operator or operators in the same zone or zones in the Santa Fe Springs oil field, and that the quantity of gas being produced from each of said wells is not jeopardiz-

ing the efficiency of the production of any wells surrounding or off-setting these defendants' wells; that said wells and each of them are in most instances producing oil and gas in a more efficient manner and with a lower gas-oil ratio than off-set wells owned and operated by other producers of oil in the Santa Fe Springs oil field, and that the production of gas from each and every one of the said wells of said defendants is not inefficient or wasteful and is not [fol. 234] unreasonably or otherwise affecting the rights of other operators in the Santa Fe Springs oil field to produce oil and gas in an efficient manner.

That there has been advanced in the petroleum industry the theory that gas produced from a zone after being stripped of all its hydrocarbon content might be returned to an adjacent depleted oil zone by injecting the same therein and thereby conserving said gas for production and use in the future, this has been spoken of as "storage;" that the same theory has been advanced regarding partially depleted oil sands, the theory being that the gas could be injected into said sands and thereby duplicate the natural subsurface conditions and that such injected gas would again propel oil from the partially depleted sand to the surface. This has been spoken of as "repressuring." The success of either undertaking in the Santa Fe Springs oil field is conjectural and not capable of proof, and would be dependent upon the composition of the zone into which the gas was to be injected, the proportion of sand, sandy shale and shale, the porosity, hardness and texture of same, upon the extent of the area depleted, the water conditions in said zone and upon numerous other conditions extending throughout the zone. That to affiant's knowledge, no effort or experiment has been made in the Santa [fol. 235] Fe Springs oil field relative to representing or storing of gas into any of the various oil zones underlying said field; that no data is available from which the success, practibility or impractibility of such injection or return of gas for repressuring or storage can be determined as to the Santa Fe Springs oil field and that the operator has no assurance that repressuring would increase the flow of oil from the zone into which the gas was injected; that the returning or injection of gas produced in the Santa Fe Springs oil field for repressuring or storage is impractica-

ble and could only be done, if such were possible, at an expense that would far exceed any benefits that would be derived thereby or therefrom; that it could only be done to a very limited extent, and that under the most favorable conditions assuming such injection or return of gas possible, only a minor fraction of the gas that will be produced in said field could be so injected; that it is impossible to compress the gas back to the original pressure and volume in which it existed in its natural state, or to reproduce the original reservoir conditions which cause the flow of oil; that the cost of such repressuring and returning of gas for storage in said field would greatly exceed the value of the gas which could be recovered from the zones in which it had been stored, if any gas at all could be recovered, and would greatly exceed any other benefits which might be [fol. 236] derived from such returning or injection for repressuring or storage.

Referring to and touching on the matters set forth in the affidavit of Read D. Bush filed in this action on behalf of the plaintiff, this affiant state that it is true that when a well penetrates a zone in the Santa Fe Springs oil field the gas pressure is released about or in the immediate vicinity of the well, thereby creating an area of low pressure immediately surrounding the well, but that as affiant has hereinbefore stated, it is not true that such well causes a release of pressure throughout the entire zone which it is penetrating; that it is not true that the opening of a well in any zone in said field disturbs the gas pressure in all parts of the zone; that as affiant has hereinbefore stated, such disturbance is confined to a comparatively small part of the zone in the immediate vicinity of the well and that it is not true that the gas produced or allowed to escape from a well penetrating a zone is replaced by gas and/or oil moved or drawn from all parts of the zone by the expansion or propulsive force of gas or otherwise, but that the gas produced is replaced by gas and/or oil moved or drawn from only a comparatively small part of the zone immediately surrounding such well. That the oil, and gas in solution in the oil, and free gas which might exist in any zone underlying any gas surface area is fixed in place [fol. 237] and the oil and gas move throughout the voids or interstices of the zone sand within only a limited dis-

tance in the immediate area surrounding the well when the pressure is released by said well penetrating the zone, and then only; that the increase in flow of gas through and out of any well or wells penetrating the zones in the Santa Fe Springs oil field above a ratio of two thousand five hundred (2,500) cubic feet of gas to a barrel of forty-two gallons of oil at the same time, does not reduce in any unreasonable or inefficient manner the untimate recovery of the oil in the sands of any such zone or zones; that the extent of the ultimate recovery of oil from the sands of said field is not reduced with the increase in the rate of the flow of gas, and the rate of flow of gas or the ratio of production of gas to the oil does not affect or control the untimate recovery; that there can be no proper back-pressure equally applicable to all wells in the Santa Fe Springs oil field or to any distinct group of wells in said field. The proper back-pressure for said wells must be ascertained by research for and experimentation with each well, and the proper back-pressure for one well will not necessarily or ordinarily be the proper back-pressure for any other well, even in the same zone. The gas-oil ratio will not, in more than a few cases, be governed or influenced by back-pres- [fol. 238] sure. In many cases in said field the increase of back-pressure has caused an increase in the gas-oil ratio. That affiant has noted and studied the back-pressure maintained on each of the wells complained of in plaintiffs' complaint, operated by the defendants on whose behalf he makes this affidavit, and in his opinion the back-pressure so maintained on each well is the proper one for the most economical and efficient production of oil and gas from said well.

That each and every withdrawal of gas by one operator through a well entering the sand of any one of the zones in the Santa Fe Springs oil field does not reduce the supply of gas available to each other such operator of a well in said zone, and does not increase the difficulty of each operator in obtaining oil and gas through each other well drilled into the said zone, and that each and every such withdrawal of gas does not and will not reduce the gas pressure in the said zone sand throughout the whole or entire area, or any considerable area of said zone, or any part other than the part in the immediate vicinity of said well as has hereinbefore been stated.

That in the sands of portions of the Bukbee and Nordstrom zones and of the entire O'Connell and Clark zones in the Santa Fe Springs oil field are large quantities of oil and gas under high pressure and the expansion of said [fol. 239] gas carries the oil to the wells penetrating said zone or zones, but the oil is not propelled ahead of the gas by the expanding gas, nor is the oil produced by suction or vacuum in flowing wells; the only gas that carries the oil to such wells is the gas in solution with the oil which originally was confined in the formation in the immediate area surrounding the respective well.

In my opinion, a uniform gas-oil ratio for Santa Fe Springs oil field, or a uniform gas-oil ratio for any zone in said field or for any part of said field or for any part of any zone in said field, would be unreasonable, arbitrary, oppressive and discriminatory in many instances, because the gas-oil ratio in different zones, varies, and varies in different parts of the same zone and also varies and changes in each well during the life of the well, in that some wells would have to be shut down. The application of a uniform gas-oil ratio of 2,500 cu. ft. of gas per bbl. of oil, or a ratio of 3,000 cu. ft. of natural gas per bbl. of oil throughout Santa Fe Springs oil field or any zone in said field from which any of the defendants upon whose behalf this affidavit is made have producing wells, would require the shutting down and killing of a number of said wells, to wit, those operating above said gas-oil ratio, the gas-oil ratio of which could not be reduced to such gas-oil ratio. When these wells have been shut down or killed, no one can [fol. 240] forecast definitely what the performance of the well will be when it is opened up. Past experience has shown some wells have been irreparably injured by being shut in, in that they have not returned to their original condition of productivity when opened up at a later date. It is safe to state that, if an order requiring such uniform gas-oil ratio were put into effect, a number of producing wells of said defendants would have to be shut down or killed, in that they could not be made to operate at such gas-oil ratio, and that such wells would be irreparably damaged or injured in that their production could not be restored should they be opened up at a later date.

None of said defendants is unreasonably wasting, or wasting, in the opinion of affiant, any natural gas produced or received by any of them. Permitting more than 10% of the natural gas produced from any oil well in said Santa Fe Springs oil field, either before or after the removal of the gasoline therefrom, does not constitute, in the opinion of affiant, unreasonable waste, or waste, under the circumstances existing at Santa Fe Springs, and surrounding the production of oil and gas by said defendants. After the natural gas produced by them has served its primary use of flowing and lifting oil to the surface, and has been manufactured into gasoline, and so much of the resulting dry gas as can be used in field op- [fol. 241] erations is so used (as has been the case), it is necessary for said defendants to permit the remainder of such resulting dry gas to escape into the air, because the same cannot be sold and cannot be economically used or disposed of. To permit such remainder of such resulting dry gas to escape into the air is not, under the circumstances, unreasonable waste, or waste.

Roy G. Mead

Subscribed and sworn to before me this 10th day of March, 1930. Vida D. Roberts, Notary Public in and for the County of Los Angeles, State of California. (Notarial Seal.)

[fol. 242] EXHIBIT 14 TO PETITION

IN THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Affidavit of G. R. Kenny on Behalf of Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Co., Inc., and Wilshire Annex Oil Company

STATE OF CALIFORNIA,
County of Los Angeles, ss:

G. R. Kenny being first duly sworn deposes and says:

That he was graduated from the engineering division of Iowa State College in 1906. That he is, and since August of 1922 has been, engaged in practice in the city of Los Angeles as a consulting engineer specializing in problems of public utility service including those involving the production, transmission, utilization of and demand for artificial and natural gas.

That prior to 1922 he was employed as follows: for nine years by various public utility companies, including San [fol. 243] Joaquin Light and Power Corporation, serving artificial and natural gas, electric energy and water in California for six years; for two years by the Railroad Commission of the State of California in its Gas and Electric Division; and for about five years by engineering firms, including the Arnold Company of Chicago, Ford, Bacon & Davis of New York, H. P. Gillette and others, on problems of gas and electric utility companies.

That as a Consulting Engineer in recent years he has been employed: in surveys of natural gas supply; in other analyses for various gas companies; in reporting on gas companies for financing and sale purposes; and in proceed-

ings effecting the rates for and service of gas by various cities including employment by the city of Los Angeles, county of Los Angeles, and other associated cities in the cases leading to the decision by the gas companies to begin the service of straight natural gas in Los Angeles; which cases required a most exhaustive analysis of the production, transmission and utilization of natural gas in California.

That affiant realizes the importance of conservation of natural resources. That the natural gas so far discovered and utilized in the counties and cities in the southern portions of California, is what is known as casing head gas and is found in the earth almost wholly in liquid form with oil, and cannot be recovered without at the same time re- [fol. 244] covering the oil with which it is so found. That the oil cannot be recovered separately from the gas. That the production and utilization of natural gas as practiced in the counties of Ventura and Los Angeles, in California, therefore, differs from that in other sections of the United States. That the natural gas discovered and utilized in the states of West Virginia, Kentucky, Indiana, Oklahoma, and Texas, and in many other portions of the United States, is not associated with oil, but is found in stratas of the earth and is dry natural gas under pressure and, therefore, can be withdrawn and used as and when required without effecting the production of oil in any way.

The natural gas recovered in Southern California is a by-product of the recovery of oil and is incidental thereto and would not now be available had not oil which is many times more valuable and important been discovered and produced in great quantities. If the companies and individuals producing oil from wells in Los Angeles and Ventura Counties, California, should cease to so produce oil it would result in an immediate shortage of natural gas, and its general distribution and use in Los Angeles County would be no longer possible. The cost of drilling wells into the deep sand zones from which most of the oil and gas is now being recovered is so great and the cost of operating [fol. 245] them after completion so high as to make it uneconomic to so drill and operate them for the recovery of the gas available alone. The gas could not profitably be produced separately and transmitted at a cost less than that of artificial gas manufactured at the centers of distri-

bution and no one could be found who would undertake to drill and operate the wells necessary for such recovery from the deep sand zones unless they could at the same time recover large quantities of the vastly more valuable oil and gasoline associated with the gas. The oil produced from the oil wells in Los Angeles and Ventura Counties, California, has a money value many times that of the natural gas produced with the oil. Oil, and products derived from oil, may be used to replace natural gas for all purposes for which natural gas is used, and oil and its products are useful for many purposes for which natural gas or products derived from it cannot be used.

While the incidental natural gas recovered in connection with the recovery of oil is a cheap and useful fuel to the extent of the market needs thereof, there is no market need or demand for, or useful purpose to which any of the dry gas which the defendants permit to escape into the air, may be put. It must be used as it is produced and cannot be stored except at a cost which makes it commercially very unprofitable. The production of oil in California is of much [fol. 246] greater importance, value and benefit to the people of California than is the production of natural gas. Natural gas is not essential to the continued operation or prosperity of the gas companies now engaged in distributing gas, nor to the industries using it as a fuel nor to the welfare of the domestic, commercial and other consumers making use of it. There is an abundant supply of cheap fuel oil and cheap electric power generated both by steam and hydro-electric generating plants. Many companies and individuals have in good faith entered into and have continued for a long time in the business of the recovery of gas and oil at Santa Fe Springs and elsewhere in Southern California and for a long time prior to the use of natural gas to any great extent for industrial, commercial or domestic purposes in the state. If the companies engaged in the production of oil at Santa Fe Springs who have no market for their gas cannot continue to produce such gas, they cannot produce oil, but will be compelled to abandon the operations of their properties, and see other companies and individuals who have a market for their gas withdraw all the gas and oil in the immediate vicinity thereof and from the oil and gas sands into which their wells penetrate, and their investments in such wells and appurtenant facilities and their

leasehold estates rendered valueless, and the value of the lands on which such companies have drilled and are oper- [fol. 247] ating oil wells will also thereby be greatly reduced.

The present excess production of gas over and above the requirements for beneficial uses has resulted from the drilling of new oil wells into extremely productive oil sands in various oil fields within the past few months, and not from the operation of wells previously drilled. But if such new wells had not been drilled into such oil sands within the past few months there would now be a shortage of gas for beneficial uses rather than a surplus. Regulation of the drilling of new oil and gas wells and of the development of new oil and gas fields or new oil and gas producing zones in existing fields is a more effective method for controlling the rate of production of gas associated with oil than preventing or decreasing oil and gas production from wells already drilled and being efficiently operated by the owners of such wells. I am of the opinion, and it is the generally accepted view, that such control of the drilling of new wells and development of new fields or zones will more effectually conserve the gas and oil contained in the sands until the demand equals the supply of both oil and gas, and will be more equitable as between owners and operators of lands in the various fields and the companies and individuals drilling and producing oil and gas from such lands.

[fol. 248] There is a constant fluctuation in the volume of gas available from each of the many existing producing oil fields and the known supply of both oil and gas is being constantly increased by the discovery of new fields and new oil and gas sands in old fields. No one knows or can tell what the available supply of either is or when, if ever, it or either will be exhausted. All of the needs of gas companies and distributors in Southern California for natural gas are supplied by the producing oil companies, under contracts which, by their terms, require that minimum quantities of gas be taken and paid for. Such contracts by their terms are for several years ahead. There is now no commercial market or outlet or beneficial use known to affiant for any of the resulting dry gas which the defendants, Wilshire Oil Company, Inc., Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petro-

leum Company and/or Wilshire Annex Oil Company are releasing or permitting to escape into the open air.

Artificial gas manufactured from oil or coal is used throughout a great portion of the United States for fuel for domestic and commercial lighting purposes, cooking purposes, water heating, space heating and other uses and such uses are steadily increasing. All consumers of gas in Southern California, were formerly supplied entirely with [fol. 249] such artificial gas until 1914. The cities of Los Angeles, Santa Barbara and other cities have been supplied with straight natural gas only within the last few years. The city of San Diego is supplied with artificial gas manufactured from oil. All of the cities in the counties of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa have heretofore been supplied with artificial gas manufactured from oil. The change in serving gas consumers with natural gas instead of artificial gas, or a mixture of the two, has not greatly reduced the rates per M. C. F. which the consumers pay for gas.

The supply of natural gas available for distribution in the several counties in Southern California has exceeded the requirements for all purposes for which such gas is used since 1920. The gas companies serving and distributing gas in the city of Los Angeles argued before the Railroad Commission of the State of California in 1925 that the assured supply of natural gas was not and had not been sufficiently uniform to warrant them in beginning the service of straight natural gas to their domestic consumers. These gas companies have heretofore installed manufacturing plants and equipment and are now making plans for further equipment for future service of artificial gas in the territory now served by them with natural gas, so that if it again becomes necessary they can manufacture all of [fol. 250] the gas which is required by their consumers.

For use by industrial establishments in the several counties of Southern California natural gas must compete in price with cheap fuel oil and cheap electric energy for most purposes for which such natural gas is used. There is an abundant supply of all. The price of fuel oil fixes the rate at which such natural gas can be sold. The demand for gas for domestic, commercial and industrial uses is much greater in the winter months of any year than in the summer months. The demand for gas varies from day to day

and from hour to hour. While natural gas is sold to industrial establishments at rates which will bring the cost to the consumer below that of fuel oil, such price is upon a shutoff basis, so that as the demand for gas by domestic users increases the consumption by industries can be cut down immediately and without notice, which frequently happens during winter months. Industrial plants and large consumers of natural gas usually are also equipped to use fuel oil so that same can be substituted one for the other at any time. The industrial establishments and utilities operating steam electric generating plants equip their furnaces to burn either oil or gas interchangeably, and keep a supply of oil on hand so that they may be able to instantly change over from burning natural gas to burning oil. It [fol. 251] is the practice of the Gas Administrator of the State of California to order industrial establishments using natural gas as a fuel to discontinue such use and begin burning oil, and to order the gas companies to discontinue serving them with natural gas whenever in his opinion a shortage of gas exists or is threatened. Many industrial establishments are compelled to change over to oil fuel on cold days in winter or when emergency or other interruptions in the supply of gas occur. The newer steam electric generating plants being constructed in Southern California are designed and equipped to burn either gas, oil or powdered coal, interchangeably. There are many industrial establishments in Southern California burning oil exclusively in furnaces which are not equipped for burning natural gas and are not supplied with natural gas, even though same is available. I know of no industrial establishment in Southern California which is within an area served by natural gas, which is dependent upon natural gas for fuel or which would be compelled to cease operations if it had no natural gas.

While there are no deposits of coal in California and no coal will be brought into Southern California for use as fuel for industrial establishments or at steam electric generating plants as long as there is a supply of cheap natural [fol. 252] gas and oil, there are vast deposits of coal in Utah, Oregon, Washington, British Columbia and other states, and when needed coal can be brought to Los Angeles Harbor and made available for use in Los Angeles County and other counties of Southern California at a cost not

greatly in excess of the cost of gas or oil at prices which have prevailed in Los Angeles County for fuel oil and gas. The production of oil of fuel grades now greatly exceeds the demand and the means of sale and distribution of this surplus is one of the present serious problems of the oil industry. There is at present approximately 110,000,000 barrels of oil of fuel grade in storage in California. The fuel value of this stored fuel oil is equivalent to that of about 600,000,000 M. C. F. (thousand cubic feet) of natural gas or about fifteen times the consumption of natural gas for industrial uses in 1928. Because of the surplus of fuel oil it may be purchased in quantities at less than 50¢ per barrel at Los Angeles Harbor.

Certain of the cities located in Los Angeles County were served with artificial gas manufactured from coal at an early date. After the process of producing artificial gas directly from oil was perfected, this method was rapidly adopted throughout California. When natural gas service was first distributed to the cities of Los Angeles County, [fol. 253] every community and industry of any consequence in that county which was being served with gas was being served with artificial gas manufactured from oil in oil gas generators. This gas was and is popular for lighting, cooking, heating water and other purposes and to some extent for heating houses and other buildings.

The cities of Los Angeles and Pasadena and other cities in Southern California were being served with a mixed artificial and natural gas having a heating value of about 820 B. T. U. per cubic foot from 1916 to 1927, and the cities of Los Angeles, Pasadena, Santa Monica and certain other territories in Los Angeles County were finally placed on straight natural gas service in 1927, and the city of Santa Barbara was first served with straight natural gas in 1928, but very little of the natural gas produced in the Santa Fe Springs Oil Field has ever been used in any of said cities; nor was even such small part furnished except during recent years.

At the present time the gas companies serving gas in the counties of Santa Barbara, Ventura, Los Angeles, Orange, San Bernardino and Riverside are under common control, and they have invested in artificial gas generating plants and in lines and equipment for the transmission and distribution of gas approximately $150,000,000. Their re-

quirements for gas for use as industrial and domestic fuel [fol. 254] is only about 85,000,000 M. C. F. per annum. No natural gas is used for lighting except to a negligible degree. The principal source of supply of this natural gas distributed by these companies in the several counties referred to above has been casing head gas produced from oil wells which were necessarily at the same time producing large quantities of the much more valuable oil. The gasoline is taken from such gas before delivery to any of such gas companies. Natural gas was first transmitted from Signal Hill oil field for use as an industrial and domestic fuel in 1921; from Huntington Beach in 1921, and from Santa Fe Springs oil field in 1922, but has not been so transmitted to any great extent from Santa Fe Springs oil field at any time. Natural gas was first transmitted from Ventura oil field for use in Los Angeles county late in 1925. There are no extensive natural gas fields in which natural gas occurs separately and not associated with oil in any of the counties referred to above. There are no known deposits of natural gas not associated with oil in California, except the extensive deposits of such free natural gas which exist in Kern County, California, and the San Joaquin Valley, in California. Some large natural gas wells, not producing oil, have been drilled in Kern County, but production of natural gas from these wells is available for use for [fol. 255] industrial and other purposes when the supply of casing head gas from producing oil wells is not adequate to meet the requirements of the industrial and domestic consumers of natural gas. The extent of this supply of natural gas is very large and should last for many years. The total volume of natural gas available for distribution by gas companies has at all times since such distribution was begun exceeded the total actual requirements of the companies. During the period from 1920 to 1927 the field production of oil and natural gas from oil wells producing oil in Los Angeles County has been in excess of the natural gas requirements of the counties of Los Angeles, Orange, Riverside and San Bernardino for gas for all useful purposes.

The natural gas produced in Southern California has borne a more or less constant relationship to the total amount of oil produced in the operations of the oil companies. The two substances are found together and must

be produced together, and neither can be produced without the other. The natural ratio of production of one to the other varies greatly.

Commercial sales of natural gas, including sales to hotels, restaurants, minor industrial establishments and office buildings, for heating form a relatively small percentage of the total sales. Some of the office buildings in the city of Los Angeles use gas under boilers for heating the [fol. 256] building, some use gas and oil interchangeably, but the majority use oil exclusively because at current prices it is a cheaper fuel and a continuous supply of natural gas cannot be guaranteed. The heating plants at Los Angeles City Hall and at the Los Angeles County Hall of Records and Court House use gas at certain seasons and certain hours, but oil is used when considerable heat is required because at current prices it costs less per day to heat with oil than with gas.

Many of the industrial establishments in Southern California burn oil or use electric power almost exclusively, because they object to the shut-off provisions of the gas rates, because a continuous supply of gas cannot be guaranteed, and because it is economical to do so. The industrial establishments which are not served on the shut-off basis constitute only a small percentage of the total industrial gas load, and it is therefore possible to reduce the total demand for gas to a quantity not greatly in excess of the requirements of the domestic and commercial users during cold periods in winter or in emergencies. Consumption for industrial uses varies continually from month to month and from year to year with a uniform annual increase except for curtailment due to domestic demand in cold weather, variation in requirements of energy for steam electric [fol. 257] plants burning gas, due to variation in water supply at hydroelertric plants, and variations by large industrial users who shut down their operations at times.

There are no new markets for natural gas in Los Angeles and Ventura Counties. Consumption by existing classes of consumers might be stimulated by lower rates but not sufficiently to absorb the supply.

It would be impossible to reduce the field production of casing head gas without thereby also decreasing the flow of oil, and it would require a constant change in the control of gas production so as to prevent any waste of gas with-

out serious shortage of gas resulting at centers of distribution at various times. The demand for gas for fuel purposes fluctuates widely seasonally, daily and yearly. It would be necessary to fluctuate the production of oil wells more or less concurrently with the fluctuation in the demand for gas in order to meet the demand and to prevent any waste. Gas stored in oil fields or returned to the sands by repressuring would be of little value in taking care of daily fluctuations. Holder storage at the centers of distribution, manipulation of the shut-off industrial load, operation of artificial gas works and variations in gas transmitted from the fields have been relied upon in the past to equate the hourly supply to the hourly demand. [fol. 258] The demand for gas in cities during the early morning hours of peak delivery days may be less than 25% of the average hourly demand for the day and the maximum demand for the day which usually occurs during the early hours of the forenoon may exceed 200% of the average for the day.

As, if and when the supply of casing head gas begins to decline permanently the operation of the gas companies can and will vary from time to time to meet the situation. By mixing gas it will be practical to make use of all natural gas still being produced. Without any material increase in cost, industrial establishments, steam electric generating plants, etc., using gas can and will use oil or coal for fuel exclusively, electric energy can and will be used almost exclusively for power purposes, electricity can and will replace gas for fuel for many heating purposes, and the requirements of all domestic consumers can and will be taken care of by artificial gas or mixed artificial and natural gas. Most of these changes would not require consumers to install new equipment.

As each new oil field has been developed in the Counties of Ventura and Los Angeles there has been a period of flush production when the quantity of gas produced exceeded the demand, but in each case the production has declined within a few months to a more or less settled total. [fol. 259] During such periods of flush production it is uneconomical to attempt to conserve any large part of the natural gas which is necessarily produced with the oil for commercial uses or purposes. In order to follow this flush

production from field to field the gas companies engaged in transmitting gas must install their compressor stations in small readily movable units and move these units from field to field as the production varies. Such moving is expensive and requires time, and it would be bad business policy and unprofitable for a gas company to attempt to install a compressor station in any field which would take care of the flush production, even if there were a demand for the gas, because the investment required would be used for such a short period and the cost would be prohibitive. That the Public Utility Gas Companies, distributing gas in Southern California, have entered into contracts with the major oil companies, (Associated Oil Company, Standard Oil Company of California, Union Oil Company, Texas Company, Shell Oil Company, Richfield Oil Company, General Petroleum Corporation) or some or all of them, for almost their entire requirements of natural gas for distribution in Southern California; that said Public Utility Gas Companies have installed facilities for the purchase and receipt of gas from said major companies, or some or all [fol. 260] of them at Long Beach and at Ventura Avenue Field, Ventura County, California, from which fields the major portion of their requirements for distribution in Southern California are at present, and for some time past, have been supplied; that said Public Utility Gas Companies will not until the expiration of said contracts purchase or distribute to the public any greater volume of gas from the Santa Fe Springs Oil Field that is now being received therefrom and will not receive any greater volume therefrom until the depletion of gas produced from said Long Beach and Ventura Avenue Oil Fields to the point where the same fails to meet their said requirements for distribution in Southern California.

That the public utility gas companies, distributing gas in Southern California, purchased from oil operators in Santa Fe Springs Oil Field, other than the defendants in whose behalf this affidavit is made, from June 1929 to December 1929, inclusive, the respective percentages of total net gas produced from said Santa Fe Springs Oil Field as follows:

| | |
|---|---|
| June | 7.3% |
| July | 4.8% |

| | |
|---|---|
| August | 4.4% |
| September | 9.8% |
| October | 7.2% |
| November | 14.3% |
| December | 13.3% |

[fol. 261] Affiant has read the affidavits and complaint on file in the above entitled action; that the said affidavits have followed substantially the pleadings used in the action of State of Indiana vs. Ohio Oil Company and attempt to show that the conditions which existed in the State of Indiana were similar and are applicable to the Santa Fe Springs Oil Field and the consumption of gas in Southern California; that from the pleadings in said action, the State of Indiana vs. Ohio Oil Company, it is apparent that there existed a gas-bearing strata in the State of Indiana which covered several counties in area and that numerous industries established themselves in said locality depending upon said gas supply, but in California such facts do not exist, insofar as the Santa Fe Springs Oil Field or the gas produced therefrom is concerned; that the coming into the State of California in recent years of manufacturing enterprises and the investment of large sums of money in said manufacturing enterprises, caused a substantial increase in the population of Southern California; that the establishment of said enterprises and the investment of money therein and the said increase in population was not, in affiant's opinion, caused by the production of availability of gas from the Santa Fe Springs Oil Field, but the establishment of said enterprises, investment of money and the increase in population was caused almost entirely by [fol. 262] market conditions, labor conditions, harbor and transportation facilities, water supply, cheap electric power, fuel oil supply, climatic conditions and many other factors; that said enterprises, or money invested therein, and enterprises for the production of electrical power on property at or near Santa Fe Springs Oil Field are not dependent for their continued preservation *or preservation* or for present value or values of their properties upon the natural gas available or supplied from the Santa Fe Springs Oil Field. That the wealth of the State of California and its revenue derived from taxation by reason of

the increased population and various manufacturing plants has not been increased, in affiant's opinion, to any appreciable degree by the existence of natural gas produced from the Santa Fe Springs Oil Field and will not be curtailed by reason of the present operations of the oil producers in said field; that numerous manufacturing enterprises and a great influx of population in Southern California developed and occurred prior to 1925 so that the same conditions with reference to said enterprises, money investments therein and increase in population as have existed since 1923, existed prior to said date.

That oil cannot be produced in Santa Fe Springs Oil Field without the production of gas therefrom; that if the [fol. 263] production of gas is curtailed in Santa Fe Springs Oil Field to a point where oil cannot be profitably produced in said field or if the production of oil in said field is severely curtailed by the curtailment of production of gas therefrom, the general economic conditions in Southern California will be severely affected and thousands of men, skilled and unskilled, employed in said oil field, petroleum industries, such as refineries, etc., and in businesses conducted by reason of development in said field and incidental thereto will not be able to find employment in Southern California at remunerative wages and unemployment in Southern California will greatly increase with the necessarily consequent depression of business in Southern California, which unemployment will greatly exceed any unemployment occasioned by any effect which may result from the blowing of any natural gas into the air in the Santa Fe Springs Oil Field.

That it cannot be reasonably anticipated that the rates of public utility gas companies in Southern California, if they at a later date manufacture the gas consumed by industrial and domestic consumers, will increase to any material degree or prohibit the use of such manufactured or mixed gas as a fuel for industrial or domestic purposes.

G. R. Kenny.

Subscribed and sworn to before me this 10th day of March, 1930. Vida D. Roberts, Notary Public in and for the County of Los Angeles, State of California. (Notarial Seal.)

[fol. 264] EXHIBIT 15 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiff,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Amendments to Complaint for Injunction

Come now the People of the State of California, by Fred G. Stevenot, Director of Natural Resources of said state, and by leave of court first had and obtained file these their amendments to their complaint herein and allege:

*Amendment I*

That plaintiffs hereby amend said complaint by adding a new and additional paragraph thereto numbered 1-a to read as follows:

1-a. That the true name of the defendant sued under the fictitious name John Doe One Company is Bardeen Oil Company; that the true name of the defendant sued under the fictitious name John Doe Two Company is Italo-Petroleum Corporation of America; that the true name of the defendant sued under the fictitious name Richard Roe I is A. Wardman; that the true name of the defendants sued under the fictitious name John Doe York and Richard Roe Smullen is York and Smullen, a corporation.

[fol. 265] Amendment II

That plaintiffs hereby amend said complaint filed herein by adding a new and additional paragraph thereto numbered 12-a to read as follows:

12-a. That attached hereto and marked Exhibit "B" is a list of certain wells from which, as plaintiffs are informed and believe, the gas was at the time of the filing of the com-

plaint herein, ever since has been and now is being so unreasonably wasted, together with a description of the respective locations and a statement of the approximate amount of gas taken from said wells under each lease and from each zone of said oil field and so unreasonably wasted during each twenty-four (24) hours, together with a list of the names of the operators of each such well who are causing the gas from the well to be blown and released into the air, and that the wells so located and listed on said Exhibit "B" are in addition to the wells located and listed on Exhibit "AA" attached to the complaint herein, and the said Exhibit "B" is hereby added to the said Exhibit "AA." That on said Exhibit "B" there is shown opposite each of said wells the production gas-oil ratio of each of said wells in thousands (M.C.F.) of cubic feet, the figure given being the number of thousands of cubic feet of gas produced to each barrel of oil from the same well at the same time.

[fol. 266] That attached hereto and marked Exhibit "C" is a list of the wells of the defendants Bandini Petroleum Company, George F. Getty, Inc., Shell Oil Company, Standard Oil Company of California, Twin Bell Oil Syndicate and Universal Consolidated Oil Company, from which the gas was at the time of the filing of the complaint herein, ever since has been and now is being so unreasonably wasted, and which were referred to generally in Exhibit "AA" attached to the complaint herein. That on said Exhibit "C" hereto attached is a description of the respective locations and a statement of the approximate amount of gas taken from each well therein mentioned under each lease, and from each zone of said oil field, and so released into the open air and thereby unreasonably wasted during each twenty-four (24) hours at the time of the filing of the complaint herein. That on said Exhibit "C" there is shown opposite each of said wells the production gas-oil ratio of each of said wells in thousands (M.C.F.) of cubic feet, the figure given being the number of thousands of cubic feet of gas produced to each barrel of oil from the same well at the same time.

That as plaintiffs are informed and believe the quantity of natural gas which may be blown or released to the air from any well in said oil field, either before or after re-

[fol. 267] moving the gasoline from said natural gas, without constituting unreasonable waste of the natural gas in said zone of said oil field from which the said natural gas is derived, will not in the case of any well exceed ten (10%) per cent of the natural gas as the same is produced from each such well with the oil brought to and out of each such well with the said gas.

Plaintiffs are informed and believe, and upon and according to their information and belief allege that each of the defendants named in Exhibit "AA" or "B" or "C" as blowing or releasing gas to the air was at the time of the filing of the complaint herein and is now blowing and releasing to the air from each defendant's well or wells in the daily quantity stated in said exhibits, which said quantity from each well was and is more than ten per cent of the total gas produced from the said well, and that the quantity of oil and gas produced, the quantity utilized, and the quantity blown to the air from day to day is peculiarly within the knowledge of the defendant operator operating the well, as alleged in said complaint and more specifically stated in said Exhibits "AA," "B" and "C."

That on map Exhibit "A" attached to the complaint are shown the surface boundaries of the various parcels of land in separate ownership in said area of Santa Fe [fol. 268] Springs Oil Field, and the location of the oil and gas wells therein at the time of filing said complaint.

James S. Bennett, Attorney for Plaintiffs. U. S. Webb, Attorney General of the State of California. George R. Larwill, of Counsel.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

James S. Bennett, being by me first duly sworn, deposes and says: That he is the attorney for the plaintiffs in the above entitled action, and for the Director of Natural Resources of the State of California named as relator in the above amendment to the complaint, and as such in charge of the said action on behalf of the plaintiffs; that the said Fred G. Stevenot, relator as aforesaid, is absent from the County of Los Angeles; that affiant is better informed in relation to the matters and things stated in said amendment than said relator; that he has read the fore-

going amendment to the complaint and knows the contents thereof and that the same is true of his own knowledge, except as to the matters which are therein stated on his information and belief, and as to those matters that he believes them to be true; that affiant makes this verification for and on behalf of the People of the State of California.

James S. Bennett.

[fol. 269] Subscribed and sworn to before me this 19th day of February, 1930. Louise M. Hilt, Notary Public in and for the County of Los Angeles, State of California. (Seal.)

STATE OF CALIFORNIA,
County of Los Angeles, ss:

R. W. Walling, being first duly sworn, deposes and says: He is and was at the times above mentioned in the amendment to the complaint herein a field engineer in the office of the State Oil and Gas Supervisor; that he has checked Exhibits "B" and "C" hereto attached and that the wells listed in said Exhibits "B" and "C" were on the 12th day of September, 1929, blowing and releasing natural gas to the air in the quantities in said Exhibits mentioned, and that the list of operators, leases, wells, zones, locations and descriptions, oil-gas ratios and quantities of gas blown to the air as stated upon said Exhibits "B" and "C" are true and correct and said Exhibits should be attached to and considered with Exhibit "AA" attached to the complaint herein.

R. W. Walling.

Subscribed and sworn to before me this 19th day of February, 1930. Louise M. Hilt, Notary Public in and for the County of Los Angeles, State of California. (Seal.)

(Here follows Exhibits B and C, side folios 269a and 269b.)

EXHIBIT "B"

As of Sept. 12th, 1929. SANTA FE SPRINGS.
(Wells completed and producing as of 9/12/29 and not included in original "AA."

| Defendant Company | Lease Name | Well No. | Zone | Location and |
|---|---|---|---|---|
| Ambassador Pet. Co. | Baker | No. 12 | Clarke | 65′ S. & 74′ W. from C/L of intersection of A. T. S. |
| Associated Oil Co. | Dewenter | No. 8 | O'Connell | 235.3′ S. from North Property line & 210′ W. of C/ |
| General Pet. Corp. | S. F. | 143 | O'Connell | 548′ N. & 359′ W. from C/L Telegraph & Central— |
| " | S. F. | 145B | O'Connell | 90′ N. & 203′ E. from C/L Butler & Telegraph Roa |
| " | S. F. | 161B | O'Connell | 191′ S. & 149′ W. from C/L Murray Ave. & Clark S |
| " | S. F. | 152E | O'Connell | 187′ S. & 562′ E. from C/L Butler & Telegraph Roa |
| " | S. F. | 145C | Buckbee | 310′ N. & 199′ E. from C/L Butler & Telegraph Ro |
| " | S. F. | 224 | O'Connell | 533′ S. & 23′ W. from C/L Telegraph & Central Av |
| " | S. F. | 232 | Clarke | 410′ N. & 149′ W. from C/L Shoemaker & South lin |
| " | S. F. Comm. | 179F | O'Connell | 124′ N. & 342′ W. from C/L Park & Butler Lot 1 |
| " | S. F. Comm. | 191E | O'Connell | 63′ S. & 156′ E. from C/L Spring & Gardner Sts. |
| " | Walk | 111 | Clarke | 126′ S. of N. property line (Agee Lease) & 150′ W. |
| Geo. F. Getty, Inc. | S. F. S. | No. 30 | O'Connell | 163′ S. & 48′ E. from intersection C/L Telegraph & |
| Italo Pet. Corp. of America | Archer | No. 1 | Clarke | 87′ N. & 55′ E. from C/L of intersection of Gardne |
| Mohawk Oil Co. | Hathaway | No. 4 | O'Connell | 25′ N. & 40′ E. of S. E. Cor. of Texas Co. Batson |
| Herbert R. MacMillan | Ratliff | No. 1 | Clarke | 34′ S. & 25′ W. from N. E. Cor. Lot 86, Dunn, Sm |
| Raleigh Oil Co. | S. F. | No. 3 | Clarke | 48′ N. & 151.75′ E. from intersection of C/L Curtis |
| Shell Oil Co. | G. H. & N. | No. 24 | O'Connell | 141.78′ S. & 200′ W. from N. E. Cor. Lot 7 (whic Puente Mills Road—Sec. 31, T. 2 S., R. 11 |
| " | Slusher | No. B-1 | O'Connell | 1304′ N. & N. 214.8′ E. from S. E. Cor. of Slusher |
| " | Slusher | No. 15 | Clarke | 1619.7′ N. & 423.4′ W. from S. E. Cor. of Slusher L |
| Standard Oil Co. of Calif. | Hepler | No. 6 | Clarke | 206.8′ N. & 206.75′ W. from intersection of C/L S |
| " | Johnson | No. 6 | Clarke | 151.5′ S. of C/L Little Lake Road & 196′ W. from |
| " | Jordan | No 7 | Clarke | 198′ N. from C/L Telegraph Road & 150′ W. from |
| " | Weisel | No. 13 | Clarke | 148′ S. from C/L Telegraph Road & 117′ W. from |
| Sunset Pacific Oil Co. | S. F. | No. 2 | Clarke | 47′ S. & 237.56′ W. from C/L of Norwalk Road |
| The Texas Company | Baldwin | No. 3 | O'Connell | 150′ N. & 170′ W. from S. E. Cor. Baldwin Lease— |
| Union Oil Co. of Calif. | Alexander | No. 18 | O'Connell | 480′ N. & 1065′ E. from C/L Telegraph & Norwalk |
| " | Bell | No. 42 | O'Connell | 225′ S. from N. line Sec. 6 & 1020′ W. from C/L B |
| " | Bell | No. 46 | O'Connell | 415′ N. of south line, Sec. 31 & 320′ W. from C/L |
| " | Farwell | No. 12 | O'Connell | 100′ N. & 548′ E. from C/L Telegraph & Central— |
| Universal Consolidated Oil Co. | Blanchard | No. 11 | Clarke | 121.5′ N. & 29.6′ E. from N. E. Cor. Spring & Cu |
| " | O'Connell | No. 4 | Clarke | 33.4′ E. & 119.2′ N. from S. W. Cor. O'Connell L |

EXHIBIT "B"

SANTA FE SPRINGS.

| Location and Description in Santa Fe Springs Oil Field | Gas-Oil Ratio MCF Gas to each Bbl. of Oil | | Gas Blown to air in MCF/Day |
|---|---|---|---|
| n C/L of intersection of A. T. S. F. Ry. & Little Lake Road—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | (Est.) | | 716 |
| n Property line & 210′ W. of C/L Puente Mills Road—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 2549 |
| rom C/L Telegraph & Central—Sec. 5, T. 3 S. R. 11 W., S. B. B. & M. | | 4002 | 10907 |
| m C/L Butler & Telegraph Road—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | 7403 | 4852 |
| om C/L Murray Ave. & Clark St. (produced)—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | | 6241 |
| om C/L Butler & Telegraph Road—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | | 703 |
| rom C/L Butler & Telegraph Roads—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | | 167 |
| m C/L Telegraph & Central Ave. (prod. southerly)—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | 2739 | 2655 |
| rom C/L Shoemaker & South line Blk. A.—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | | 1003 |
| from C/L Park & Butler Lot 17, Blk. 79—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | 4657 | 7105 |
| m C/L Spring & Gardner Sts. | | 4183 | 5047 |
| y line (Agee Lease) & 150′ W. of C/L Norwalk Road—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 2133 |
| m intersection C/L Telegraph & Butler Roads—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | 5250 | 3048 |
| m C/L of intersection of Gardner & Norwalk Puente Mills Road—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 1979 |
| S. E. Cor. of Texas Co. Batson Lease—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | (Oct.) | 3822 | 3325 |
| m N. E. Cor. Lot 86, Dunn, Smith & Cornwall Sub.—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 3588 |
| from intersection of C/L Curtis & Verne—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 3738 |
| . from N. E. Cor. Lot 7 (which point is the S. W. Cor. of intersection of Smith Ave. & Norwalk-s Road—Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | | | 188 |
| E. from S. E. Cor. of Slusher Lease—Sec 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 168 |
| W. from S. E. Cor. of Slusher Lease—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 314 |
| W. from intersection of C/L Smith Ave. & Norwalk Road—Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | | | 752 |
| tle Lake Road & 196′ W. from East line of Johnson Lease—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 976 |
| elegraph Road & 150′ W. from C/L S. P. Ry.—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 847 |
| elegraph Road & 117′ W. from East line Weisel property—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 754 |
| from C/L of Norwalk Road & Clarke Ave.—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 2100 |
| rom S. E. Cor. Baldwin Lease—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 3284 |
| rom C/L Telegraph & Norwalk Road—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | 5840 | 5878 |
| Sec. 6 & 1020′ W. from C/L Butler Road—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | 3650 | 7879 |
| Sec. 31 & 320′ W. from C/L Butler Road—Sec. 31, T. 2 S., R. 11 W., S. B. B. & M | | | 3012 |
| om C/L Telegraph & Central—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | | 626 |
| from N. E. Cor. Spring & Curtis—Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | | | 4905 |
| from S. W. Cor. O'Connell Lease—Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | | 2413 |

As of Sept. 12, 1929.

EXHIBIT "C."

Supplement to "A-A" of Original Complaint, Showing Leases Na

| Defendant Company | Lease Name | Well No. | Zone | Location and Descriptio |
|---|---|---|---|---|
| Bandini Petroleum Company | Off | No. 7 | Buckbee | 535' S. C/L Fulton Ave. & 440' W. from C/L St |
| " | " | No. 8 | O'Connell | 410' S. & 1045' W. from C/L intersection of Sho |
| " | " | No. 9 | Buckbee | 642' S. & 1045' W. from C/L intersection of Fult |
| " | " | No. 10 | O'Connell | 635' S. & 710' W. from C/L intersection of Shoe |
| " | " | No. 13 | O'Connell | 638' S. & 205' W. from intersection of Shoemaker |
| " | " | No. 15 | Buckbee | 290' S. & 530' W. from C/L intersection of Tele |
| " | " | No. 16 | O'Connell | 90' S. & 530' W. from C/L intersection of Telegr |
| " | " | No. 17 | O'Connell | 290' S. & 60' W. from C/L intersection of Telegr |
| Geo. F. Getty, Inc. | S. F. | No. 8 | O'Connell | 30' N. & 20' W. from S. E. Cor. Lot 18, Blk. 90, |
| " | " | No. 10 | Buckbee | 27' 6" N. & 28' E. from S. W. Cor. Lot 12, Dunn |
| " | " | No. 13 | Nordstrom | 155' S. & 200' E. from Cor. Butler & Telegraph |
| " | " | No. 19 | O'Connell | 27' S. & 18' W. from N. E. Cor. of Lot 13, Blk. |
| " | " | No. 20A | O'Connell | 34' N. & 22' E. from S. W. Cor. Lot 25, Blk. 45, |
| " | " | No. 23 | Buckbee | 17' S. & 34' W. from N. E. Cor. Lot 10, Dunn, |
| " | " | No. 24 | O'Connell | 40' S. & 18' E. from N. W. Cor. Lot 17, Dunn, |
| " | " | No. 25 | O'Connell | 72' S. & 180' E. from C/L Fulton Rd. & Butler, |
| " | " | No. 28 | O'Connell | 206' N. & 67' W. from inter C/L Butler Rd. & |
| " | " | No. 30 | O'Connell | 163' S. & 48' E. from inter C/L Telegraph & B |
| " | " | No. 31 | O'Connell | 72' S. & 121' E. from C/L inter Telegraph & Bu |
| " | " | No. 32 | O'Connell | 97.5' S. & 45' E. from C/L of Telegraph Rd. & |
| " | " | No. 34 | O'Connell | 141' S. & 296' E. from C/L intersection of Teleg |
| Shell Oil Company | G. H. & N. | No. 13 | O'Connell | 1115.10' N. & 150.0' W. from intersection of C S. B. B. & M. |
| " | " | No. 14 | O'Connell | 775' S. & 150' E. from inter C/L Geary & Smith |
| " | " | No. 15 | Buckbee | 207.5' N. & 120' W. from S. E. Cor. Lot 5, Tract |
| " | " | No. 16 | O'Connell | 419.5' S. & 120' W. from N. E. Cor. Lot 7, Tra |
| " | " | No. 17 | O'Connell | 127.7' S. & 282.3' W. from N. E. Cor. Lot 7, Tr |
| " | " | No. 18 | O'Connell | 431.3' S. & 585.2' W. from N. E. Cor. Lot 7, Tr |
| " | " | No. 19 | O'Connell | 104.4' S. & 348.2' W. from S. E. Cor. Lot 11, T |
| " | " | No. 20 | O'Connell | 125.24' S. & 29.91' W. from N. E. Cor. Lot 10, |
| " | " | No. 24 | O'Connell | 741.78' S. & 200' W. from N. E. Cor. of Lot 7 Mills Rd., Sec. 31, T. 2 S., R. 11 W.. |
| " | Slusher | No. 15 | Clarke | 1619. 7' N. & 423.4' W. from S. E. Cor. Slusher |
| " | " | B-1 | O'Connell | 1304.1' N. & 214.8' E. from S. E. Cor. Slusher |
| " | " | B-2 | Clarke | 35.28' S. & 854.14' W. from N. E. Cor. of Slush |
| Standard Oil Company of California | Hepler | No. 6 | Clarke | 206.8' N. & 206.75' W. from inter C/L Smith A |
| " | " | No. 7 | Clarke | 150' N. C/L Smith Ave. & 50' W. from C/L Ge |
| " | Johnson | No. 6 | Clarke | 151.5' S. of C/L Little Lake Rd. & 196' W. from S. B. B. & M. |
| " | Jordan | No. 7 | Clarke | 198' N. from C/L Telegraph Rd. & 150' W. fro |
| " | " | No. 8 | Clarke | 100' N. E. at Rt. Ls. to C/L Telegraph Rd. & 28 |
| " | Santa Gertrudes | No. 12 | Clarke | 150' S. at 90° to C/L Smith Ave. & 100' N. W. |
| " | South Whittier Com. | No. 19 | Buckbee | 150' N. of S. Line Lot 21 & 225' E. from C/L S |

EXHIBIT "C."

Original Complaint, Showing Leases Named Therein in More Detail.

| Location and Description in the Santa Fe Springs Oil Field | Gas-Oil Ratio MCF Gas to each Bbl. of Oil | Gas Blown to Air in MCF/Day |
|---|---|---|
| C/L Fulton Ave. & 440' W. from C/L Shoemaker Ave., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| & 1045' W. from C/L intersection of Shoemaker & Fulton Ave., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| & 1045' W. from C/L intersection of Fulton Ave. & Shoemaker Road, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| & 710' W. from C/L intersection of Shoemaker Ave. & Fulton Rd., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| & 205' W. from intersection of Shoemaker & Telegraph Rd., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| & 530' W. from C/L intersection of Telegraph & Shoemaker Roads, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| 530' W. from C/L intersection of Telegraph & Shoemaker Roads, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| & 60' W. from C/L intersection of Telegraph & Shoemaker Roads, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3094 | 2610 Est |
| 20' W. from S. E. Cor. Lot 18, Blk. 90, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 4000 | 3340 |
| . & 28' E. from S. W. Cor. Lot 12, Dunn, Smith & Cornwall Sub., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 500 | 19 |
| & 200' E. from Cor. Butler & Telegraph Rds., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 2750 | 2200 |
| 18' W. from N. E. Cor. of Lot 13, Blk. 88, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 3500 | 450 |
| 22' E. from S. W. Cor. Lot 25, Blk. 45, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 13000 | 12364 |
| 34' W. from N. E. Cor. Lot 10, Dunn, Smith & Cornwall Sub., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 2750 | 1445 |
| 18' E. from N. W. Cor. Lot 17, Dunn, Smith & Cornwall Sub., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 2000 | 2900 |
| 180' E. from C/L Fulton Rd. & Butler, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 2750 | 4040 |
| & 67' W. from inter C/L Butler Rd. & Curtis Ave., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 3750 | 1880 |
| 48' E. from inter C/L Telegraph & Butler Rds., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 5250 | 4790 |
| 121' E. from C/L inter Telegraph & Butler Roads, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 18000 | 17385 |
| & 45' E. from C/L of Telegraph Rd. & Butler Rd., Sec. 5, T. 3 S., R. 11 W., S. B B. & M. | 1000 | 2215 |
| 296' E. from C/L intersection of Telegraph & Butler Rds., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 3500 | 7475 |
| N. & 150.0' W. from intersection of C/L Anaheim & Telegraph Rd. & Geary St., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1062 | 95 |
| 150' E. from inter C/L Geary & Smith Sts., Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 1725 | 465 |
| & 120' W. from S. E. Cor. Lot 5, Tract 1664, Sec. 31, T. 2 S., R. 11 W., S. B B. & M. | 115 | 59 |
| & 120' W. from N. E. Cor. Lot 7, Tract 1664, Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 2121 | 31 |
| & 282.3' W. from N. E. Cor. Lot 7, Tract 1664, Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 549 | 18 |
| & 585.2' W. from N. E. Cor. Lot 7, Tract 1664, Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 1929 | 74 |
| & 348.2' W. from S. E. Cor. Lot 11, Tract 1664, Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | | |
| . & 29.91' W. from N. E. Cor. Lot 10, G. H. N. Lease, Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | | |
| . & 200' W. from N. E. Cor. of Lot 7 which point is S. W. Cor. inter of Smith Ave. & Norwalk & Puente Mills Rd., Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 1427 | 215 |
| N. & 423.4' W. from S. E. Cor. Slusher Lease, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1059 | 720 |
| . & 214.8' E. from S. E. Cor. Slusher Lease, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1414 | 1660 |
| & 854.14' W. from N. E. Cor. of Slusher Lease, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1498 | 3870 |
| & 206.75' W. from inter C/L Smith Ave. & Norwalk Rd., Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 657 | 750 |
| C/L Smith Ave. & 50' W. from C/L Geary St. produced northerly, Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 1408 | 1615 |
| of C/L Little Lake Rd. & 196' W. from E. line of S. O. Co. Johnson Lease, Sec. 6, T. 3 S., R. 11 W S. B. B. & M. | 1118 | 1065 |
| rom C/L Telegraph Rd. & 150' W. from C/L S. P. R. R., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 680 | 845 |
| at Rt. Ls. to C/L Telegraph Rd. & 285' N. W. at Rt. Ls. to C/L Waters Ave. | 1229 | 1070 |
| 90° to C/L Smith Ave. & 100' N. W. at 90° to C/L S. P. R. R., Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 1260 | 1495 |
| S. Line Lot 21 & 225' E. from C/L Shoemaker Ave. in Lot 21, Bell & Carlton's Santa Gertrudes Acres, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 1320 | 133 |
| 184' E. from S. W. Cor. of E. half of Blk. 22, Dunsmore's Add., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | | |

| | | | | |
|---|---|---|---|---|
| " | [illegible] | No. 12 | Clarke | 150' S. at 90° to C/L Smith Ave. & 100' N. W. at 9 |
| " | South Whittier Com. | No. 19 | Buckbee | 150' N. of S. Line Lot 21 & 225' E. from C/L Sho |
| | | | | Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. |
| " | " | No. 26 | O'Connell | 98' N. & 184' E. from S. W. Cor. of E. half of Bl |
| " | Walker Community | No. 11 | O'Connell | 150' S. & 150' W. from inter. of C/L of Clark Ave |
| " | " | No. 14 | O'Connell | 130' N. & 65' E. from inter. of C/L of Curtis & Wa |
| Second Twin Bell Synd. | | No. 5 | Nordstrom | 28' N. & 23' W. from S. E. Cor. of Lot 2, Blk. 85 |
| " | | No. 6 | O'Connell | 28.5' S. & 240' W. from S. W. Cor. Telegraph & Fo |
| Universal Consolidated Oil Co. | Blanchard | | | |
| " | " | No. 7 | O'Connell | 189' S. & 36.6' E. from N. W. Prop. Cor. Spring |
| " | " | No. 8 | O'Connell | 249' S. & 120' E. from C/L of Clarke Ave. & Verne |
| " | " | No. 9 | O'Connell | 101' N. & 87' W. from inter. C/L Verne & Curtis A |
| " | " | No. 10 | O'Connell | 15.6' S. & 27.5' W. from S. W. Cor. of Clark & Ve |
| " | " | No. 11 | Clarke | 121.5' N. & 29.6' E. from N. E. Cor. Spring & Curt |
| " | O'Connell | No. 2 | O'Connell | 155' N. & 640' E. from inter. of C/L Little Lake & |
| " | " | No. 3 | Clarke | 41' S. & 313.2' E. from N. Prop. line & C/L Butler |
| " | " | No. 4 | Clarke | 33.4' E. & 119.2' N. from S. W. Cor. O'Connell Lea |
| " | " | No. 5 | Clarke | 33.4' N. & 334.6' from N. E. Cor. Little Lake & E |
| Bell View Oil Synd. | Grohs | No. 2 | Buckbee | 95' N. & 30' E. from S. W. corner Lot 5, Blk. 82 |
| " | Santa Fe | No. 3 | O'Connell | 14' N. & 11' W. from S. E. corner Lot 5, Blk 82, |

| | | |
|---|---|---|
| S. at 90° to C/L Smith Ave. & 100′ N. W. at 90° to C/L S. P. R. R., Sec. 31, T. 2 S., R. 11 W., S. B. B. & M. | 1260 | 1495 |
| N. of S. Line Lot 21 & 225′ E. from C/L Shoemaker Ave. in Lot 21, Bell & Carlton's Santa Gertrudes Acres, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 1320 | 133 |
| N. & 184′ E. from S. W. Cor. of E. half of Blk. 22, Bannister's Add., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 1846 | 340 |
| S. & 150′ W. from inter. of C/L of Clark Ave. & Ward St., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 2750 | 1680 |
| N. & 65′ E. from inter. of C/L of Curtis & Ward Sts., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1140 | 180 |
| N. & 23′ W. from S. E. Cor. of Lot 2, Blk. 85, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 5283 | 5830 |
| S. & 240′ W. from S. W. Cor. Telegraph & Forest, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 5283 | 5830 |
| S. & 36.6′ E. from N. W. Prop. Cor. Spring St. & Clark Ave., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 2630 | 1056 |
| S. & 120′ E. from C/L of Clarke Ave. & Verne St., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 2310 | 565 |
| N. & 87′ W. from inter. C/L Verne & Curtis Ave., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 2780 | 395 |
| S. & 27.5′ W. from S. W. Cor. of Clark & Verne Sts., Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1580 | 790 |
| 5′ N. & 29.6′ E. from N. E. Cor. Spring & Curtis, Sec. 6, T. 3 S., R. 11 W., S. B. B. & M. | 1400 | 4945 |
| N. & 640′ E. from inter. of C/L Little Lake & Butler Rds., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 1380 | 525 |
| S. & 313.2′ E. from N. Prop. line & C/L Butler Rd., Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 1410 | 2110 |
| E. & 119.2′ N. from S. W. Cor. O'Connell Lease, Sec. 5, T. 3 S., R. 11 W. S. B. B. & M. | 1580 | 2410 |
| N. & 334.6′ from N. E. Cor. Little Lake & Butler, Sec. 5, T. 3 S., R. 11 W., S. B. B. & M. | 980 | 340 |
| N. & 30′ E. from S. W. corner Lot 5, Blk. 82, Sec. 6, T. 3 S., R. 11 W. | 3090 | 4900 |
| N. & 11′ W. from S. E. corner Lot 5, Blk 82, Sec. 6, T. 3 S., R. 11 W. | 2300 | 4000 |

[fol. 270] EXHIBIT 16 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Amendment to Demurrer of Defendants Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company

Come now the defendants Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company, and by way of amendment to the demurrer of the complaint on file herein, as amended by the amendments thereto on file, reallege and incorporate by reference paragraphs 1 to 17, both inclusive, of said demurrer as their demurrer and the demurrer of each of them to said complaint as amended, and add the following paragraphs to said demurrer relating particularly to the matters alleged in said amendments:

18. Said complaint as amended is uncertain in each and all of the following particulars:

[fol. 271] (a) It cannot be ascertained from paragraph 12-a how, or in what manner, or in what particular, or by what means, or by reason of what fact or facts, or to what extent, any of these demurring defendants was, at the time of the filing of the complaint or at any time since has been or is now, unreasonably wasting natural gas from any of the wells referred to and/or described in Exhibit B annexed to said complaint as amended.

(b) It cannot be ascertained from paragraph 12-a how, or in what manner, or in what particular, or by what means,

or by reason of what fact or facts, or to what extent, any of these demurring defendants was, at the time of the filing of the complaint or at any time since has been or is now, unreasonably wasting natural gas from any of the wells referred to and/or described in Exhibit C annexed to said complaint as amended.

(c) It cannot be ascertained from Exhibit B what is the gas-oil ratio of each and all of the wells listed in said Exhibit B opposite which the amount of the gas-oil ratio is left blank.

(d) It cannot be ascertained from Exhibit C what is the gas-oil ratio of each and all of the wells listed in said Exhibit C opposite which the amount of the gas-oil ratio is left blank.

[fol. 272] (e) It cannot be ascertained therefrom whether the wells listed on Exhibit AA, B and/or C constitute all of the wells in said Santa Fe Springs oil field from which it is alleged gas was or is being unreasonably wasted or from which gas is being produced which is unreasonably wasted, and if not, what is the description, location, name of operator, gas-oil ratio and/or the amount of gas blown into the air each day from each and every such well.

(f) It cannot be ascertained therefrom whether there are any other operators or operator within said field who are unreasonably wasting natural gas not named or listed in said complaint or the amendments thereto or any exhibit or exhibits thereto, and if so, what is the name of such operator, or whether each and all of the facts alleged as to other defendants are true as to each and every or any of said omitted operators.

(g) It cannot be ascertained therefrom how, or to what extent, or in what particular, or by reason of what facts the release or blowing into the air of more than 10% of the natural gas produced from each well in said Santa Fe Springs oil field constitutes unreasonable waste of natural gas in the zone from which such well is producing, or what is meant by the term "unreasonable waste of natural gas" or the term "waste of natural gas" as the same is used in [fol. 273] said complaint, or in any amendment thereto, or how much of the gas so produced can be utilized, or how it

can be utilized, or what the facts are in relation thereto, so that the court can determine whether it does or does not constitute unreasonable waste.

(h) It cannot be ascertained therefrom whether the various parcels of land are owned by existing defendants in this action, or whether any of said parcels of land is owned by a person or parties not a defendant or defendants in this action, or the name or names of such person or parties, or whether or not or to what extent or by what means, or in what manner, they or any of them are wasting or unreasonably wasting natural gas, or whether they or any of them are operating any well in said Santa Fe Springs oil field producing oil and/or gas.

(i) It cannot be ascertained therefrom whether there are any owners and/or operators in said Santa Fe Springs oil field owning and/or operating any well in said field who are unreasonably wasting natural gas produced therefrom, or whether natural gas produced therefrom is being unreasonably wasted.

(j) It cannot be ascertained therefrom whether this action is brought on behalf of any operators and/or owners [fol. 274] of wells producing oil and/or gas in said Santa Fe Springs oil field, and if so from which zone or zones, or whether or not they or any of them are engaged in like or similar practices complained of.

19. Said complaint is ambiguous on each and every of the grounds hereinabove alleged as grounds for uncertainty.

20. Said complaint is unintelligible on each and every of the grounds hereinabove alleged as grounds for uncertainty.

Call & Murphey, by Robert B. Murphey and William L. Murphey, Attorneys for Demurring Defendants Above Named.

[fol. 275] EXHIBIT 17 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiff,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Amendment to Answer of Defendants Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company and Answer to Amendments to Complaint.

Come now the defendants Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company, and each severing itself from its codefendants and from one another, each for itself (without waiving the demurrer or motion to strike or the amendments thereto heretofore served and/or filed), and amending their answer to the plaintiffs' complaint filed herein, and also answering the amendments to said complaint, admit, deny and allege as follows:

I

Answering defendants, each for itself, hereby refer to and incorporate by reference herein all of the allegations, [fol. 276] admissions and denials contained in their answer to the plaintiffs' complaint, heretofore filed in the above entitled cause, except as follows:

(a) Omit that portion of paragraph 8 thereof, commencing with the word "except", on line 20, page 5, and ending with the word "well", on line 22, page 5, reading as follows: "except where gas is being produced from such oil well in quantities exceeding a reasonable proportion to the amount of oil produced from such well".

(b) Add to paragraph 8 thereof, after the word "industry" on page 5-a, line 28, the following: "In cases where the gas-oil ratio of an oil and gas well in Santa Fe Springs oil field can be controlled or regulated by regulation and adjustment of the flow bean, no material change in the gas-oil ratio and no substantial decrease in the gas production from such well and no substantial increase in the ultimate oil production from such well are thereby accomplished ordinarily from said field. The gas-oil ratio of any flowing well is generally absolutely controlled by natural conditions and cannot be changed or altered."

(c) Omit that portion of paragraph 27 thereof, commencing with the word "or", on line 20, page 18, and end-
[fol. 277] ing with the word "well", on line 21, page 18, reading as follows: "or within an area of four or five acres surrounding such well" and insert in lieu thereof the words "or within a varying radius of from 50 to 100 feet from said well".

(d) Omit the words "in a constantly increasing proportion" from paragraph 31 as the same appears on page 22, line 10, and substitute in lieu thereof the words "in a constantly decreasing proportion".

(e) In paragraph 31, page 22, line 21, change the words "are forbidden and prohibited" to read "will be forbidden and prohibited".

II

Allege that the term "unreasonable waste of natural gas" was not, prior to May 28, 1929, known to the industry producing oil and gas in California or elsewhere, and never had and does not now have any established or commonly understood or ascertainable meaning by usage or custom, or otherwise.

[fol. 278]

III

Allege that the Santa Fe Springs oil field, as in said complaint referred to, is a portion of the Rancho Santa Gertrudes, in the County of Los Angeles, State of California, and that the same is in Oil and Gas District No. 1, in the State of California. Allege that said Rancho Santa Gertrudes was a Mexican grant, granted by the Government of Mexico to the predecessors in interest of these answering

defendants, and who then occupied said rancho; that the said grant was confirmed by the United States Government subsequent to the acquisition of the State of California by secession from the Republic of Mexico. Deny that said lands, or any part thereof, ever constituted any part of the public domain of the United States. Allege that all of the said lands, including all minerals of every character and kind, passed to the grantees of said lands under said grant from the Government of the Republic of Mexico and were subsequently confirmed to the said grantees and their successors in interest by the Government of the United States of America. Allege that none of the minerals found in said lands, nor any of the oil, gas or other hydro-carbon substances therein present or found therein was ever the property of or belong to the Government of the United States, or of the State of California. Allege that neither the Am-
[fol. 279] bassador Petroleum Company, Bandini Petroleum Company, Wilshire Oil Comapny, Inc., Wilshire Annex Oil Company nor Commodore Petroleum Company (except as the said Commodore Petroleum Company admitted in this Answer) has at any time sold any gas produced from any of their said respective properties or elsewhere in the Santa Fe Springs Oil Field to any public utility gas company or companies or any other company or companies, and that none of said gas so produced by any of these answering defendants (except by Commodore Petroleum Company, in so far as admitted by this Answer) in the Santa Fe Springs Oil Field has been distributed by said gas companies or re-sold to the People of the State of California, or any of its inhabitants or industries.

IV

Answering paragraph 12-a of said complaint as amended, deny that any gas was, at the time of the filing of the complaint herein, or at any time since has been or is now, being unreasonably or otherwise wasted from Well No. 12 on the Baker lease, referred to and described in Exhibit B to the amendments to complaint for injunction on file herein, or that any gas was, at any of said times or is now, escaping or being blown into the air from said well. Deny that gas was, at the time of the filing of the complaint herein or at any time since has been or is now, being un-

[fol. 280] reasonably or at all wasted by any of these answering defendants from any of the wells referred to and/or described in said Exhibit B or in Exhibit AA attached to the complaint herein, or that any of these answering defendants was, at the time of the filing of the complaint herein or at any time since has been or is now, unreasonably or otherwise wasting any natural gas. None of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the allegations next denied, and basing their denial upon that ground deny that said Exhibit B or Exhibit AA to the complaint is complete or correct with respect to all or any of the wells listed thereon as being operated by or owned by any of the other defendants to this action. Deny that Exhibit B shows, opposite each of the wells listed thereon, the production gas-oil ratio thereof, but allege that the gas-oil ratio of many of said wells is omitted from said Exhibit B, reference to which is hereby made for further particulars.

V

Deny that any gas was, at the time of the filing of the complaint herein or at any time since has been or is now, being unreasonably or otherwise wasted from any of the wells listed on Exhibit C to said "Amendments to Com-[fol. 281] plaint for Injunction" as being operated or owned by the defendant Bandini Petroleum Company, or otherwise or at all. Deny that the gas-oil ratio of gas to each bbl. of oil set forth on said Exhibit B as to each or any of the wells listed opposite the name of Bandini Petroleum Company was 3,094 M.C.F. of gas to each bbl. of oil, or that the gas-oil ratio on the wells listed on Exhibit C belonging to or operated by said Bandini Petroleum Company was, on September 12, 1929, in excess of the amount set opposite each of said wells:

| Well No. | Cu ft. of gas per bbl. of oil |
|---|---|
| 9 | 1,407 |
| 10 | 2,935 |
| 13 | 2,282 |
| 17 | Not on production |

Allege that none of these answering defendants has any information or belief upon said subject sufficient to enable

them or any of them to answer the allegations next denied, and placing their denial upon that ground deny that Exhibit C is complete or correct, and deny each and every statement appearing thereon. Allege that Exhibit C does not show the production gas-oil ratio of some of the wells listed thereon, and reference to Exhibit C is hereby made for further particulars.

[fol. 282] VI

Deny that the quantity of natural gas which may be blown or released into the air from any well in said Santa Fe Springs oil field, either before or after removing the gasoline from said natural gas, without constituting unreasonable waste, or waste, of the natural gas in said zone of said oil field from which the said natural gas is derived, will not, in the case of any well, exceed 10% of the natural gas as the same is produced from each such well with the oil brought to and out of each such well with the said gas, or that any gas produced from any of the wells of any of these answering defendants and which is blown or released into the air, either before or after removing the gasoline therefrom, was, at the time of the filing of the complaint, or at any time since has been, unreasonably or otherwise wasted or is now being unreasonably or otherwise wasted. Deny that the blowing or releasing into the air of more than 10% of the natural gas produced from any well in said Santa Fe Springs oil field, either before or after removing the gasoline from said natural gas, constitutes unreasonable waste, or waste, of such natural gas. None of these answering defendants has any information or belief upon the subject sufficient to enable them or any of them to answer the allegation next denied, and placing their denial upon that ground deny that Exhibit A attached [fol. 283] to the complaint shows all or any of the surface boundaries of all or any of the parcels of land in separate ownership in said Santa Fe Springs oil field, or the location of all or any of the oil and gas wells therein at the time of the filing of said complaint.

VII

The granting of all or any part of the relief prayed for in the complaint herein will operate so as to be arbitrary,

oppressive and discriminatory against each of these answering defendants and other operators in said Santa Fe Springs oil field. There are many oil fields in California, particularly in Southern California, producing oil and gas under conditions similar to and like those existing in Santa Fe Springs oil field, the products of which and the business of the operators in which fields come into direct competition with the products of Santa Fe Springs oil field and the products produced by each of these answering defendants from said Santa Fe Springs oil field. The defendant Wilshire Oil Company, Inc., has purchased or contracted to purchase the crude oil produced from the other of these answering defendants as well as the gasoline content of the gas produced by said defendants, and owns and operates a refinery in which the crude oil produced by it and the other of these answering defendants from said Santa Fe Springs [fol. 284] oil field is manufactured into gasoline and other products. Almost all of the oil and gasoline handled by the defendant Wilshire Oil Company, Inc., is thus acquired and produced from said Santa Fe Springs oil field and is sold and distributed to the wholesale and retail trade throughout the state of California and in the western part of the United States, in competition with like products of others engaged in the business of selling and distributing gasoline and oil who acquire the same largely from other oil fields within the state of California and particularly Southern California. No effort has been made by the state of California or any of its officials to enforce the statute under which this suit was brought in many of said oil fields in which similar and like conditions complained of in Santa Fe Springs oil field do now exist and for some time have existed. No other suit under section 14b of said statute has been instituted except as to the Signal Hill oil field, in vicinity of Long Beach, California, and Kettleman Hills, in the central part of California, and in neither of said suits has there been any injunction ordered or any hearing upon any injunction. No proceeding has been brought under section 8d of said statute except as to the Ventura Avenue oil field. The order which was made by the Board of Commissioners of District No. 2 in which said Ventura Avenue oil field is situated under the said proceedings [fol. 285] initiated under section 8d of said statute relating to said field permits the operators producing oil and

gas therefrom to operate under a more favorable basis than is sought in this suit for operators in Santa Fe Springs oil field, and in particular contains no provision regulating or purporting to regulate the amount of gas produced with each barrel of oil from said field, notwithstanding that the amount of gas produced with each barrel of oil from almost all of the wells in said field is many times in excess of the amount of gas produced with each barrel of oil produced in Santa Fe Springs oil field. The said order of said Board merely prohibits operators and producers in said field from continuing the unreasonable waste of natural gas produced from said field, without prohibiting any specific act or acts or defining what constitutes such unreasonable waste of natural gas found to exist in said field. In the suit which has been commenced relating to Kettleman Hills oil and gas field, above referred to, no effort is made to establish a gas-oil ratio. By reason of the premises aforesaid, if the relief prayed for in this action is granted in whole or in part, it will operate so as to permit the competitors of defendants, and particularly the major oil companies selling and distributing oil and gasoline throughout the state who procure the same largely from other oil and gas fields, to operate under more favorable terms and conditions than can each of these answering defendants. The volume of sales of gasoline throughout the state of California of the defendant Wil- [fol. 286] shire Oil Company, Inc., was sixth in rank amongst companies selling and distributing gasoline throughout the state of California for the three months ending December 31, 1929. Its said business and the business of the other of these answering defendants will be seriously and irreparably damaged and injured, and each of them will be unjustly, arbitrarily and oppressively discriminated against if its and their available supply of oil and gasoline from said Santa Fe Springs oil field as aforesaid, is curtailed or impaired by any judgment or decree made in this action.

Wherefore, each of these answering defendants prays:

1. That the plaintiffs take nothing by this action.

2. That the lessor or lessors and their respective successors in interest under each of the leases hereinabove set forth be declared to be necessary and indispensable parties

to this suit and that the plaintiffs be required forthwith to make them parties to this suit and to have summons served upon each of them, respectively, and that no further proceedings be taken in this action affecting operations by any of these answering defendants thereon until this has been done and this court has acquired jurisdiction of them, respectively.

3. That each of these answering defendants have judgment against plaintiffs for their respective costs of suit incurred herein; and

[fol. 287] 4. For such further relief as to the court shall seem just and equitable.

Call & Murphey, by Robert B. Murphey and William L. Murphey, Attorneys for Defendants Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, Inc., and Wilshire Annex Oil Company.

STATE OF CALIFORNIA,
County of Los Angeles, ss:

Alfred P. Machris, being by me first duly sworn, deposes and says: That he is Secretary of the Wilshire Oil Company, Inc., one of the answering defendants in the above entitled action; that he has read the foregoing Amendment to Answer, etc., and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true.

Affiant makes this verification for and on behalf of said corporation as such officer.

Alfred P. Machris.

Subscribed and sworn to before me this 11th day of March, 1930. ——, Notary Public in and for the County of Los Angeles, State of California. (Notarial Seal.)

[fol. 288] EXHIBIT 18 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiffs,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Preliminary Injunction

The above named plaintiffs, People of the State of California, by Fred G. Stevenot, Director of Natural Resources of the State of California, having on September 11, 1929, filed their verified complaint in the Superior Court of the State of California, in and for the County of Los Angeles, against the defendants in the said complaint named, among other relief praying for an order to show cause why a preliminary injunction should not issue, and a preliminary injunction be issued against the said defendants and each of them, their respective attorneys, agents, servants and employees, and all persons acting in aid or in conjunction with said defendants, or any of them, requiring them to refrain from certain acts set forth in said complaint; and this court having issued its Order to Show Cause, requiring said defendants, and each of them, to be and appear before this court and then and there to show cause why a [fol. 289] preliminary injunction should not be granted as prayed for in said complaint, and as set forth in said Order to Show Cause; and the matter coming on regularly for hearing in said Superior Court, the Honorable William Hazlett presiding; and

Plaintiffs, People of the State of California, on relation of Fred G. Stevenot, Director of Natural Resources of the State of California, appearing by James S. Bennett, their attorney; and

Defendant Associated Oil Company, appearing by William F. Humphrey, Robert M. Searls, Daniel Howe & Harrison Guio, its attorneys;

Defendant General Petroleum Corporation, appearing by A. L. Weil, its attorney;

Defendant Richfield Oil Company of California, appearing by Bradford W. Melvin and Wm. J. DeMartini, its attorneys;

Defendant Standard Oil Company of California, appearing by Pillsbury, Madison & Sutro, and Lawler & Degnan, its attorneys;

Defendant The Texas Company, appearing by Charles C. Stanley, J. A. Tucker, J. A. McNair and R. K. Barrows, its attorneys;

Defendant Shell Oil Company, appearing by McCutchen, Olney, Mannon and Greene and by O'Melveny, Tuller & Myers, its attorneys;

[fol. 290] Defendant Union Oil Company of California, appearing by Paul M. Gregg and Jerry H. Powell, its attorneys;

Defendant Industrial Fuel Supply Company having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant Rio Grande Gasoline Company having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant Standard Gasoline Company, appearing by Pillsbury, Madison & Sutro, Lawler & Degnan, its attorneys;

Defendant The Norwalk Company, appearing by A. L. Weil, its attorney;

Defendant Ambassador Petroleum Company, appearing by Call & Murphey and William L. Murphey, its attorneys;

Defendant Bandini Petroleum Company, appearing by Call & Murphey, and William L. Murphey, its attorneys;

[fol. 291] Defendant Bell View Oil Syn., appearing by Walter F. Haas, its attorney;

Defendant Buckeye Union Oil Company, appearing by Bradner & Weil, its attorneys;

Defendant Commodore Petroleum Company, appearing by Call & Murphey, and William L. Murphey, its attorneys;

Defendant Cooperative Oil Syndicate of Santa Fe Springs, appearing by Lyon, Fleming & Robbins, its attorneys;

Defendant Tom Donley Land & Oil Company having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant Elliott Consolidated Oil Company, appearing by Guy B. Graham, its attorney;

Defendant Oscar R. Howard, appearing by McAdoo, Neblett, O'Connor & Clagett and Edward H. Mitchell, his attorneys;

Defendant Jameson Petroleum Company, appearing by Black, Hammond & Black, its attorneys;

Defendant C. C. Julian, having been served with the Summons, Complaint, Order to Show Cause and affidavits [fol. 292] on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and his default having been entered;

Defendant Raleigh Oil Company, appearing by Clay Carpenter, its attorney;

Defendant Reed & Berliner, Inc., having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant George W. Ring, appearing by Walker R. Flint, his attorney;

Defendant Rio Grande Oil Company, appearing by Flint & McKay and H. L. Dunnigan, its attorneys;

Defendant Second Twin Bell Syn., appearing by Neil S. McCarthy, Earl L. Bonta and Howard P. Hall, its attorneys;

Defendant The St. Helens Petroleum Co., Ltd., appearing by Andrews & Andrews, its attorneys;

Defendant Star Petroleum Company, appearing by Neil S. McCarthy, Earl L. Bonta and Howard P. Hall, its attorneys;

Defendant Sunset Pacific Oil Company, appearing by Simpson & Simpson, its attorneys;

[fol. 293] Defendant Superior Oil Company, appearing by Chandler, Wright & Ward, its attorneys;

Defendant Syndicate Company, having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant Twin Bell Oil Syn., appearing by Neil S. McCarthy, Earl L. Bonta and Howard P. Hall, its attorneys;

Defendant United States Oil and Royalties Company, appearing by Lyon, Fleming & Robbins, its attorneys;

Defendant Universal Consolidated Oil Company, appearing by Bradford W. Melvin and Wm. J. DeMartini, its attorneys;

Defendant Whiston & Cox Oil Company, having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant Whittier Santa Fe Springs Oil Syn. No. 1, having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. [fol. 294] of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant George F. Getty, Inc., appearing by Rush M. Blodget and George W. Nilsson, its attorneys;

Defendant Wilshire Annex Oil Co., appearing by Call & Murphey, and William L. Murphey, its attorneys;

Defendant Wilshire Oil Co., Inc., appearing by Call & Murphey, and William L. Murphey, its attorneys;

Defendant Mohawk Petroleum Co., having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear herein within the time allowed by law and its default having been entered;

Defendant H. A. Bardeen, appearing by Rush M. Blodget, his attorney;

Defendant K. G. Pulliam, Jr., appearing by C. L. Larzelere, his attorney;

Defendant Bardeen Oil Company, sued under the name of John Doe One Company, having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and [fol. 295] having failed to appear within the time allowed by law and its default having been entered;

Defendant Italo Petroleum Corporation of America, sued under the name of John Doe Two Company, appearing by Spalding & Myers, its attorneys;

Defendant York & Smullin, sued under the name of John Doe Three Company, having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear within the time allowed by law and its default having been entered; and

Defendant A. Wardman, sued under the name of Richard Roe I, having been served with the Summons, Complaint, Order to Show Cause and Affidavits on or before six o'clock P. M. of September 16, 1929, and having failed to appear within the time allowed by law and its default having been entered; and

The matter having been regularly continued and again set for hearing in said Superior Court on March 12, 1930, and the matter coming on regularly for hearing; and

The Court having read the verified complaint and the affidavits in support of the relief prayed for in said complaint, and having read the verified answers of defendants on file herein and the affidavits filed on behalf of certain defendants, and having taken testimony both oral and documentary in open court and having heard the attorney for [fol. 296] plaintiffs and the attorneys for the defendants appearing herein, the Court finds that no sufficient cause has been shown why a preliminary injunction should not be issued as prayed for in said complaint, and as hereinafter provided, and the Court having considered the law and the premises finds that there appears to be an unreasonable waste of natural gas in the Santa Fe Springs Oil Field; that to preserve the subject matter of the action to abide the decree of the Court at the conclusion of the trial a preliminary injunction is necessary at this time; that the evidence available to the Court at this time shows that the unreasonable waste of natural gas in said field may be substantially reduced and that the equities of all parties may

be fairly conserved by a preliminary injunction which will limit the waste of gas by restricting the production thereof to a quantity reasonably in excess of the present outlets for beneficial use above ground, require the extraction of gasoline from the gas produced in the field; that accordingly for the purposes of this order, the total gas outlets for all uses with a reasonable tolerance to take care of fluctuating demands and the necessary waste is taken at approximately two hundred eighty-five million (285,000,000) cubic feet of gas each day, and the estimated potential production oil is taken at two hundred thirty-seven thousand five seventy-six (237,576)
[four]* hundred [twenty-two]* [(237,422)]* [W. H.] barrels each day distributed among leases and other operating property units, as shown in the schedule hereafter set out; [fol. 297] and that sufficient cause has been shown for the extraordinary relief of a preliminary injunction pending the trial of the action on the merits, and the entry of a final judgment herein;

It Is Ordered and Decreed that the above named defendants and each of them and their respective attorneys, agents, servants and employees, and all persons acting in aid of them, or any of them, be and they hereby are restrained and enjoined and each of them is hereby restrained and enjoined from and after 12:00 o'clock noon of the 21st day of March, 1930, until the further order of this Court as follows:

1. From blowing, releasing or permitting any natural gas to escape into the air from any well or wells in the Santa Fe Springs Oil Field before the removal of the gasoline from such natural gas.

2. From operating any well producing natural gas in the Santa Fe Springs Oil Field except while exercising a high degree of care in the selection and adjustment of appliances and in the use thereof for the purpose of keeping each producing well in its "optimum gas-oil ratio"—the term "optimum gas-oil ratio" being defined as the smallest number of cubic feet of gas which can be produced with each barrel of oil from the same well at the same time.

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[* Erased in copy.]

3. From producing more net formation gas on the average day of each seven (7) day period from any lease or other property unit than is set forth in the "Allowed Gas Production" column in the schedule following:

[fol. 298] Schedule

Santa Fe Springs Oil Field

| Operator and lease | Potential production—estimated potential in bbls. per day | Allotted production—daily average |
|---|---|---|
| E. K. Allison Syndicate: | | |
| Lot —, Bl. 87 | 705 | 304 |
| Associated Oil Co.: | | |
| Butterworth | 64 | ..... |
| Clarke | 521 | ..... |
| Dallugge | 267 | ..... |
| Dewenter-Green-Jordan | 7,491 | ..... |
| Tscheppe | 31 | ..... |
| Total | 8,374 | ..... |
| Bardeen, H. A.: | | |
| Block 87 | 1,658 | 714 |
| [fol. 299] Barnhart-Morrow: | | |
| Julian-Brunson | 601 | ..... |
| Globe-Brunson | 166 | ..... |
| Total | 767 | 330 |
| Bellview Oil Synd.: | | |
| Grohs | 3,544 | 1,527 |
| Buckeye Union: | | |
| Irish | 479 | 206 |
| Cypress Petroleum: | | |
| Wardman | 587 | 253 |
| Tom Donley Land & Oil Co. | 133 | 57 |
| Elliott Cons.: | | |
| Clarke | ..... | ..... |
| Elmer Oil Co.: | | |
| Jameson | 228 | 98 |
| Ethyl Oil Co.: | | |
| Butterworth | 350 | 151 |
| Page Total | ..... | ..... |

Schedule Page a

[fol. 300]

## Schedule

### Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | Allowed gas production in M. C. F. daily average | |
|---|---|---|---|
| **General Petroleum Corp.:** | | | |
| Anderson | 1,710 | 2,052 | |
| E. G. B. | 650 | 780 | |
| Hill-Midway | 2,703 | 3,244 | |
| Jalk | 548 | 658 | |
| Santa Fe Comm. | 53,816 | 64,580 | |
| Total | 59,427 | ..... | |
| **Geo. F. Getty, Inc.:** | | | |
| Baker | 477 | [572]* | 788 |
| Biddle | 3,035 | [3,642]* | 5,012 |
| Hill | 1,074 | [1,289]* | 1,774 |

[fol. 301]

| | | | |
|---|---|---|---|
| Mitchell | 2,237 | [2,684]* | 3,695 |
| Nordstrom | 4,626 | [5,551]* | 7,640 |
| O'Connell | 827 | [992]* | 1,366 |
| Parcell | 499 | [599]* | 824 |
| Schaeffer | ..... | ..... | .... |
| Monte | 958 | [1,150]* | 1,582 |
| Total | 13,733 | ..... | |
| **Howard, Oscar R.:** | | | |
| Bell | 241 | 289 | |
| Hathaway | 719 | 863 | |
| Total | 960 | ..... | |
| **Italo Petroleum Corp.:** | | | |
| Archer | 832 | 998 | |
| Brunson | 132 | 158 | |
| Total | 814 | ..... | |
| Page Total | ..... | 90,101 | |

[W. H.]

Schedule Page b

[*Erased in copy.]

[fol. 302] Schedule

Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | Allowed gas production in M. C. F. daily average |
|---|---|---|
| Jameson Petroleum Corp.: | | |
| Compton-Wardman-Petitfils ..... | 336 | 403 |
| Kyle, W. S.: | | |
| Off ..... | 142 | 170 |
| Macmillan, H. R.: | | |
| Ratliff ..... | 210 | 252 |
| McKeon Oil Co.: | | |
| Co-Operative ..... | 579 | 695 |
| Reiber ..... | ..... | ..... |
| York-Lockhart ..... | 1,019 | 1,223 |
| Total ..... | 1,598 | ..... |
| Mendota Petroleum: | | |
| Baker ..... | 149 | 179 |
| [fol. 303] | | |
| Mohawk Petroleum: | | |
| Hathaway ..... | 940 | 1,128 |
| Pargellis, W. F.: | | |
| Reiber ..... | 152 | 182 |
| Richfield Oil Co.: | | |
| Clark ..... | 330 | 396 |
| Elliott ..... | 615 | 738 |
| G. P..... | 711 | 853 |
| Howard ..... | 1,258 | 1,510 |
| Industrial ..... | 450 | 540 |
| Petitfils ..... | 1,016 | 1,219 |
| Wardman ..... | 696 | 835 |
| Total ..... | 5,076 | ..... |
| Ring Oil Co.: | | |
| Ratliff ..... | 211 | 253 |
| Rio Grande Oil Co.: | | |
| Parkford Comm..... | 620 | 744 |
| Page Total..... | ..... | 11,320 |

Schedule Page c

[fol. 304] Schedule

Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | Allowed gas production in M. C. F. daily average |
|---|---|---|
| Rohde Oil Synd. #1: | | |
| Rohde #1 | 401 | 481 |
| Rohde Oil Synd. #3: | | |
| Rohde #3 | 1,468 | 1,762 |
| Santa Fe Springs Oil Co.: | | |
| Brunson #1 | 72 | 86 |
| Shell Oil Co.: | | |
| G. H. & N | 7,533 | 9,040 |
| Slusher | 6,302 | 7,562 |
| Thompson | 245 | 294 |
| Total | 14,080 | ..... |
| [fol. 305] | | |
| Southern Pacific Land Co.: | | |
| Fulton | 279 | 335 |
| St. Helens Pet. Corp.: | | |
| Hill | 266 | 319 |
| Standard Oil Co.: | | |
| Hepler | 1,278 | 1,534 |
| Johnson | 169 | 203 |
| Jordan | 1,740 | 2,088 |
| Koontz | 1,019 | 1,223 |
| Orr | 16 | 19 |
| Santa Gertrudis | 1,427 | 1,712 |
| S. G. & Jordan | 142 | 170 |
| S. Whittier Comm | 4,332 | 5,198 |
| Walker | 1,483 | 1,780 |
| Weisel | 2,351 | 2,821 |
| Wolfskill | 25 | 30 |
| Total | 13,982 | ..... |
| Page Total | ..... | 36,657 |

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[fol. 306] Schedule

Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | Allowed gas production in M. C. F. daily average | |
|---|---|---|---|
| Star Petroleum Company: | | | |
| Callahan | 804 | 965 | |
| Lamb | 462 | 554 | |
| Star | 1,428 | [1,714]* | 3,000 W. H. |
| Total | 2,694 | ..... | |
| Sunset Pacific Oil Co.: | | | |
| Brunson | 472 | 566 | |
| Superior Oil Co.: | | | |
| Wardman | 5,050 | [6,060]* | 8,340 W. H. |
| [fol. 307] | | | |
| The Texas Company: | | | |
| Baldwin | 1,667 | 2,000 | |
| Batson | 1,371 | 1,645 | |
| Foix | 1,272 | 1,526 | |
| Lamb | 50 | 60 | |
| Matern #2 | 3,005 | 3,606 | |
| Matern #3 | 4,090 | 4,908 | |
| Mutual | 660 | 792 | |
| Patterson | 1,140 | 1,368 | |
| Standlee | 3,638 | 4,366 | |
| Steinly | 998 | 1,198 | |
| Weaver | 2,741 | 3,289 | |
| Wickman | 1,368 | 1,642 | |
| Total | 22,000 | ..... | |
| Twin Bell Oil Synd. #1: | | | |
| Grohs | 286 | 343 | |
| Twin Bell Oil Synd. #2: | | | |
| Grohs | 1,934 | [2,321]* | 3,194 W. H. |
| Page Total | ..... | [38,923]* | |

Schedule Page e

[*Erased in copy.]

[fol. 308] Schedule

Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | Allowed gas production in M. C. F. daily average | |
|---|---|---|---|
| Union Oil Co.: | | | |
| Alexander | 10,374 | 12,449 | |
| Bell | 27,186 | 32,633 | |
| Farwell | 2,693 | 3,232 | |
| Howard | 8,064 | 9,677 | |
| Meyer | 6 | 7 | |
| Total | 48,323 | ..... | |
| Universal Cons.: | | | |
| Blanchard | 2,716 | 3,259 | |
| O'Connell | 923 | 1,108 | |
| Total | 3,639 | ..... | |
| [fol. 309] | | | |
| York-Smullin Oil Co.: | | | |
| (York-Lockhart) | 311 | 373 | |
| Wilshire Oil Group: | | | |
| Ambassador Petroleum: | | | |
| Baker | 1,653 | 1,984 | |
| Bandini Petroleum: | | | |
| Off | 10,950 | 13,140 | |
| Commodore Petroleum: | | | |
| Babonette | 1,816 | 2,179 | |
| Landl | [1,621]* | [1,945]* | |
| | 1,755 | 2,106 | W. H. |
| Wilshire Oil: | | | |
| Baker | 218 | 262 | |
| Cecelia | 1,000 | 1,200 | |
| Crawford | 140 | 168 | |
| Peterson | 650 | 780 | |
| [fol. 310] | | | |
| Wilshire Annex: | | | |
| Eagle | 404 | 485 | |
| Koontz | 1,350 | 1,620 | |
| Crawford | 530 | 636 | |
| Total | 17,876 | ..... | |
| Grand Total | [237,442]* | 295,898 | W. H. |
| Field Total | 237,576 | [277,913]* | W. H. |

[*Erased in copy.]

Schedule Page f

[fol. 311] It is Further Ordered, that beginning Saturday, March 22, 1930, and continuing until the further order of this Court, each defendant prepare two copies of a report, signed by its production manager and file one copy with the Clerk of this Court in this action and file the other copy with the State Oil and Gas Supervisor at his office in the City of Los Angeles, which report shall show the day of production, name of operating company, the name of the lease or other operating property, the identification of each well from which the oil and gas, or oil or gas, was produced, and the quantity of oil and the quantity of gas produced from each well during the day of twenty-four (24) hours covered by the report, the persons to whom the gas is delivered, the quantity disposed of from each lease or other operating property for repressuring, for plant fuel, for field use, for other fuel use, to companies for resale, for transport out of the field, and the quantity blown to the air, and each said report shall be filed as aforesaid within forty-eight (48) hours after the expiration of the day to which the report refers. Each operator shall likewise file a summary for the seven (7) day period of March 22nd to 28th, inclusive, and for the period of March 29th to April 4th, inclusive, and for the period of April 5th to 11th, inclusive, showing for each seven (7) day period each of the items above mentioned each signed by [fol. 312] its production manager. The State Oil and Gas Supervisor is authorized and directed to require each defendant to install such meters and other measuring devices upon each lease or other operating property and at each well thereon as may be necessary, and otherwise to require the defendant to operate each well and to keep the production therefrom available for measurement in such manner as shall enable said State Oil and Gas Supervisor to check both said reports and the measuring devices and the production equipment to determine the accuracy of said reports and the amount of both oil and gas production for the time being from each of said wells. Formation gas production shall be reported where well is on gas lift.

It Is Further Ordered, that nothing in this Order contained shall prevent any defendant from allowing any well now drilling or hereafter drilled by him or it in said Santa Fe Springs Oil Field from discharging gas into the air dur-

ing such time as may be necessary properly to complete and place each such new well on production, and for a period not exceeding five (5) days thereafter so long as the lessor, lessee or operator completing such new well proceeds with diligence according to the best practice in the field and in compliance with law and regulations of the [fol. 313] State Oil and Gas Supervisor made pursuant thereto to place such new well on production, and to prevent the gas from such new well being blown or allowed to escape into the air; and the production of any such new well that may be completed and placed on production by any defendant herein subsequent to March 13, 1930, after being tested as above provided shall be considered by the Court in determining the potential production of any of the defendants herein on any application for the modification of this injunction; and

It is Further Ordered that this Order of Preliminary Injunction is made without prejudice to the right of the plaintiffs or of the defendants, or any of them, at any time hereafter on five (5) days notice to counsel for parties who have appeared in the action to move to vacate or modify the injunction hereby granted whenever so advised, and the court expressly reserves jurisdiction to hear and determine any such motion and thereupon to continue in effect or vacate or modify this preliminary injunction.

It Is Further Ordered, that without further notice cause may be shown in Department 43 of this Court, at 10:00 o'clock a. m. on April 14, 1930, why this preliminary injunction should not be modified or vacated or discharged, or a new and further preliminary injunction made herein. [fol. 314] "Gas-oil ratio" as used in this order is the proportion which the total number of cubic feet of formation gas bears to the total number of barrels of net oil produced from the same well at the same time, exclusive of the quantity of gas inserted in the well for the purpose of lifting the oil. A "barrel of oil" as used herein contains forty-two (42) liquid gallons of oil. A "cubic foot of gas" as referred to herein is measured at a temperature of 60° F. and a pressure of 14.733 pounds per square inch.

Santa Fe Springs Oil Field herein referred to is that portion of the County of Los Angeles, described as follows, to wit:

The southeast quarter of Section 36, Township 2 South, Range 12 West, and the East half of Section 1, Township 3 South, Range 12 West, and the South half of Section 31, Township 2 South, Range 11 West, and all of Section 5 and all of Section 6, and the North half of Section 7 of Township 3 South, Range 11 West, S. B. B. & M.

Done in open court this 19th day of March, 1930.

William Hazlett, Judge of the Superior Court.

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[fol. 315] EXHIBIT 19 TO PETITION

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES

No. 287,460

PEOPLE OF THE STATE OF CALIFORNIA on Relation of FRED G. STEVENOT, Director of Natural Resources of the State of California, Plaintiff,

vs.

ASSOCIATED OIL COMPANY et al., Defendants

Order Modifying Preliminary Injunction and Extending to New Parties the Preliminary Injunction as Modified

The above named plaintiffs, People of the State of California, by Fred G. Stevenot, Director of Natural Resources of the State of California, having on March 21, 1930, filed their verified supplemental complaint in the above entitled action against defendants E. K. Allison Syndicate, Barnhart-Morrow Consolidated, Cypress Petroleum Company of California, The Elmer Co., Ltd., Ethyl Oil Company, A. L. Jameson, W. S. Kyle, Herbert R. Macmillan, Rohde Oil Syndicate No. 3, Rohde Oil Syndicate, Santa Fe Springs Oil Company and Mendota Petroleum Company, among other things praying for an order to show cause why a preliminary injunction should not issue and why said defendants to the supplemental complaint should not be bound by the preliminary injunction issued herein on the [fol. 316] 19th day of March, 1930, due notice having been given of an application to modify said preliminary injunc-

tion as provided therein, and the said matters coming on regularly for hearing in said Superior Court, the Honorable William Hazlett presiding; and

Plaintiffs appearing by James S. Bennett and George R. Larwill, their attorneys; and

Defendant E. K. Allison Syndicate appearing by Milton Krug, its attorneys;

Defendant The Elmer Co., Ltd., appearing by Verne E. Robinson and Salisbury & McNeil, its attorneys;

Defendant The Ethyl Oil Company appearing by Edgar K. Brown, its attorneys; and

Defendant A. L. Jameson and Defendant Oscar R. Howard appearing by McAdoo, Neblett, O'Connor & Claggett, by Edward H. Mitchell, their attorneys;

Defendant Associated Oil Company appearing by Harrison Guio, its attorneys;

Defendant The Texas Company, appearing by Charles C. Stanley, its attorney;

Defendant Union Oil Company of California appearing by Paul M. Gregg and Jerry H. Powell, its attorneys;

Defendant Shell Oil Company appearing by McCutchen, Olney. Mannon & Greene by Julian P. Beek, its attorneys;

[fol. 317] Defendant George F. Getty, Inc., appearing by Rush M. Blodget and George W. Nilsson, its attorneys;

Defendant General Petroleum Corporation of California appearing by William Appleford, its attorney;

Defendant Superior Oil Company appearing by Chandler, Wright & Ward, by Howard Wright, its attorneys;

Defendants Second Twin Bell Syndicate and Twin Bell Oil Syndicate appearing by Neil S. McCarthy, their attorney; and

Defendants Ambassador Petroleum Company, Bandini Petroleum Company, Commodore Petroleum Company, Wilshire Annex Oil Co., and Wilshire Oil Co., Inc., appearing by Call and Murphey, Robert B. Murphey and William L. Murphey, their attorneys;

Proof having been made of the service of said supplemental complaint, summons, memorandum of authorities and order to show cause issued upon the filing of said supplemental complaint, and the service therewith of the complaint herein and the amendment thereto and the affidavits of Reed D. Bush, Emile Huguenin, E. G. Gaylord and Claude C. Brown, all within the time provided by the order

of this court to show cause, and the hearing having been regularly continued until this time, and now coming on regularly for hearing; and

[fol. 318] The Court having taken testimony, both oral and documentary, in open court and having heard the attorneys for plaintiffs and the attorneys for defendants appearing herein, the court finds that said new defendants brought in by said supplemental complaint, and each of them, should be bound by the preliminary injunction as modified by this order; that to preserve the subject matter of the action to abide the decree of the court at the conclusion of the trial it is necessary and the equities of all parties will be fairly conserved by including in the schedule contained in said preliminary injunction the new wells brought in since March 13, 1930, and adjusting the items of "allowed gas production in M. C. F. daily average" as hereinafter provided; that accordingly the items of the "schedule" contained in said preliminary injunction of March 19, 1930 for the particular operator and lease hereinafter mentioned are modified so as to read as follows:

[fol. 319] Changes in Schedule

Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | | Allowed gas production in M. C. F. daily average | |
|---|---|---|---|---|
| **E. K. Allison Syndicate:** | | | | |
| Lot —, Bl. 87 | 705 | ..... | 846 | ..... |
| **Barnhart-Morrow:** | | | | |
| Julian-Brunson | 601 | ..... | 721 | ..... |
| Globe-Brunson | 166 | ..... | 199 | ..... |
| **Cypress Petroleum:** | | | | |
| Wardman | [387]* | 732 | [784]* | 886 |
| **Elmer Oil Co.:** | | | | |
| Jameson | [228]* | 709 | [274]* | 950 |
| **Ethyl Oil Co.:** | | | | |
| Butterworth | 350 | ..... | 420 | ..... |
| **General Petroleum Corp.:** | | | | |
| Jalk | [548]* | 570 | [658]* | 684 |
| Santa Fe Comm | [53,816]* | 54,443 | [64,580]* | 65,331 |

[fol. 320]

| Operator and lease | Estimated potential in bbls. of oil per day | | Allowed gas production in M. C. F. daily average | |
|---|---|---|---|---|
| Geo. F. Getty, Inc.: | | | | |
| Mitchell | [2,237]* | 2,599 | [2,634]* | 4,129 |
| Schaeffer | ..... | 91 | ..... | 109 |
| Kyle, W. S.: | | | | |
| Off | 142 | ..... | 170 | ..... |
| Macmillan, H. R.: | | | | |
| Ratliff | 210 | ..... | 252 | ..... |
| Mendota Petroleum: | | | | |
| Baker | 149 | ..... | 179 | ..... |
| Richfield Oil Co.: | | | | |
| Howard | [1,258]* | 1,471 | [1,510]* | 1,765 |
| Ring Oil Co.: | | | | |
| Ratliff | [211]* | 298 | [253]* | 357 |
| Rohde Oil Synd. #1: | | | | |
| Rohde—1 | 401 | ..... | 481 | ..... |
| Rohde Oil Synd. #3: | | | | |
| Rohde #3 | 1,468 | ..... | [1,762]* | 2,250 |
| Star Petroleum Company: | | | | 3,285 |
| Star | 1,428 | 1,666 | [1,714]* | [3,000]* |

Schedule Page a

[fol. 321] Changes in Schedules

Santa Fe Springs Oil Field

| Operator and lease | Estimated potential in bbls. of oil per day | | Allowed gas production in M. C. F. daily average | |
|---|---|---|---|---|
| Union Oil Co.: | | | | |
| Bell | [27,186]* | 28,164 | [32,633]* | 33,806 |
| Universal Cons.: | | | | |
| Blanchard | [2,716]* | 2,887 | [3,259]* | 3,464 |
| Wilshire Oil Group: | | | | |
| Bandini Petroleum | ..... | ..... | ..... | ..... |
| Off | ..... | ..... | ..... | ..... |
| Wilshire Annex: | | | | |
| Eagle | [404]* | 441 | [485]* | 529 |
| Kountz | [1,350]* | 2,124 | [1,620]* | 2,549 |

[*Erased in copy.]

Except as hereby modified the Schedule contained in the Preliminary Injunction of date March 19, 1930, is confirmed and continued in force.

Schedule Page b

[fol. 322] Provided, however, the defendant George F. Getty, Inc., may at its option combine its Biddle, Hill and Nordstrom leases and operate the same as a unit, and may produce from said unit the total quantity of "allowed gas production in M. C. F. daily average" allowed by the said schedule for the three said leases so long as the said George G. Getty, Inc., divides the net return from the said unit of three leases and assigns to each lease its fractional part of said net returns in the proportion that the number of barrels of oil assigned to each of said leases in the "estimated potential in barrels of oil per day" by said schedule bears to the total barrels of oil assigned to said three leases by said schedule, unless and until the said lessors of said George F. Getty, Inc., agree to accept some other or different basis for determining the royalty reserved by them respectively; and

Provided further, that at the option of any three or more defendants operating five or more leases within that area of Santa Fe Springs Oil Field hereinafter described, said three or more defendants may operate said five or more leases as a unit so long as the defendants operating any such unit of five or more leases divide the net returns from said unit of five leases, and assign to each lease its fractional part of said net returns in the proportion that the number of barrels of oil assigned to each of said leases in [fol. 323] the "estimated potential in barrels of oil per day" by said schedule bears to the total barrels of oil assigned to said five leases by said schedule, unless and until the said lessors of said respective five leases agree to accept some other or different basis for determining the royalty reserved by them, respectively, and the total of "allowed gas production in M. C. F. daily average" of any five leases so operated as a unit shall not exceed the total allowed to said five leases separately by said schedule.

The said area of Santa Fe Springs Oil Field herein referred to is described as follows, to wit:

Beginning with the intersection of the center line of Norwalk and Puente Mills Road with the center line of Fulton (Anaheim-Telegraph) Road; thence easterly along the center line of said Fulton Road to its intersection of the center line of Butler Road; thence southerly along the center line of Butler Road to its intersection of the center line of Little Lake Road; thence westerly along the center

line of Little Lake Road to its intersection with the center line of Forest Street; thence northerly along the center line of Forest Street to its intersection with the center line of Curtis Avenue; thence westerly along the center line of Curtis Avenue to its intersection with the center line of Spring Street; thence northerly along the center line of Spring Street to its intersection of Clark Avenue; thence [fol. 324] westerly along the center line of Clark Avenue to its intersection with the center line of Norwalk and Puente Mills Road; thence northerly along the center line of Norwalk and Puente Mills Road to the point of beginning.

Provided further that any defendant may accumulate the "allowed gas production in M. C. F. daily average" according to the said schedule for any lease wholly situated within that portion of the town lot area of the Santa Fe Springs Oil Field in the preceding provision described for the twenty-one (21) days from March 29, 1930, to April 12, 1930, inclusive, and produce all the oil he can produce from said lease with said accumulated quantity of gas, but said defendant shall produce no more gas from said lease during said period than the total quantity of gas so allowed by said schedule for the same period of time.

On or before April 2, 1930, each defendant shall reduce its gas production to the quantity allowed hereunder for each lease, and thereafter keep its gas production within the quantity allowed.

It is further ordered, that beginning Saturday, March 29th, 1930, and continuing until the further order of this court, that in substitution of the reports now required each defendant prepare two copies of a report, signed by its [fol. 325] production manager, and file one copy with the Clerk of this Court in this action and file the other copy with the State Oil and Gas Supervisor at his office in the City of Los Angeles, which report of a defendant operator shall show:

1. Date.
2. Name of Company.
3. Name of Lease.
4. Well number.
a. Oil production.
b. Net formation gas production.

c. Disposition of the wet gas produced (that is, whether used as fuel direct, blown to air, or delivered to a gasoline plant, etc.).

Which report of a defendant operating a gasoline plant shall show:

Santa Fe Springs Field

Daily Plant Summary Report

For 24 Hours Ending ——

Name of Gasoline Company: ——

| Total wet gas treated | Plant fuel shrinkage & line loss | Dry gas returned to leases or companies | Gas sold and transported | Gas wasted to air |
|---|---|---|---|---|
| ..... | ..... | ..... | ..... | ..... |

And, further, if it be necessary to determine daily figures as to the nature of field gas consumption, each producer to be required to submit a daily consumption report as follows:

[fol. 326] 1. Dry gas circulated.
2. Dry gas repressured.
3. Dry gas fuel.
4. Dry gas blown to air on lease (if any).

Within ten days after the end of the month each company shall furnish a report in duplicate covering the full month's operation in detail, and with absolute accuracy signed and filed as aforesaid.

It is further ordered, that this Order of Preliminary Injunction is made without prejudice to the right of the plaintiffs or of the defendants, or any of them, at any time hereafter on five (5) days' notice to counsel for parties who have appeared in the action to move to vacate or modify the injunction hereby granted whenever so advised, and the court expressly reserves jurisdiction to hear and determine any such motion and thereupon to continue in effect or vacate or modify this preliminary injunction.

It is further ordered, that without further notice cause may be shown in Department 43 of this court, at 10:00 o'clock a. m. on April 14, 1930, why this preliminary in-

junction should not be modified or vacated or discharged, or a new and further preliminary injunction made herein. [fols. 327 & 327a] As herein modified said Preliminary Injunction of date March 19, 1930, is hereby confirmed and each and every defendant commanded to strictly observe the same.

Done in open court this 28th day of March, 1930.

William Hazlett, Judge of the Superior Court.

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[fol. 327b] In District Court of Appeal of California, Second Appellate District, Division Two

Civil. 7292

Bandini Petroleum Corp. et al.

vs.

Superior Court Los Angeles County, etc.

Order Directing Issuance of Writ of Prohibition—April 9, 1930

By the Court:

Let the Writ (Prohibition) issue as prayed, returnable April 21, 1930, 10 A. M.

Craig, Acting P. J.

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[fol. 328] In District Court of Appeal of California, Second Appellate District, Division Two

[Title omitted]

Alternative Writ of Prohibition

The People of the State of California to the Superior Court of the State of California in and for the County of Los Angeles and to the Honorable William Hazlett, Judge thereof, Greetings:

You, the Superior Court of the State of California in and for the County of Los Angeles, and the Honorable William Hazlett, Judge thereof, and all officers, agents and persons acting by or through its orders, are hereby commanded, until the further order of this Court, to desist and refrain

from taking any steps or proceedings to enforce the order in Action No. 287,460 in said Superior Court granting a preliminary injunction dated March 19, 1930, as made, or as modified on or about March 28, 1930, against Bandini Petroleum Company, Commodore Petroleum Company, [fol. 329] Wilshire Oil Company, Inc., Wilshire Annex Oil Company and Ambassador Petroleum Company, or any of them, or any of the officers, agents, employees or representatives of any of said petitioners, either by contempt proceedings or by any process or in any other manner, and from making any order or taking any further steps or proceedings in said action affecting any or all of said petitioners; and the said Superior Court and said Honorable William Hazlett, as judge thereof, are hereby directed and required to show cause before this court, on the 21st day of April, 1930, at the hour of 10 o'clock A. M. thereof, in the courtroom of said court in the Associated Realty Building at the southwest corner of Sixth and Olive Streets, in the City of Los Angeles, California, why you and each of you should not each be absolutely and forever restrained from taking any further steps against any of said petitioners based upon the said order granting said preliminary injunction or the said order of March 28, 1930, modifying the same, and from making any order or taking any further steps or proceedings in said action affecting petitioners or any of them.

It is further ordered by this court that a copy of the verified petition on file herein, together with a copy of petitioners' points and authorities, shall be served on each of [fol. 330] respondents herein and upon the Attorney General of the State of California and James S. Bennett, Esquire, attorneys for the People of the State of California on relation of Fred G. Stevenot, as Director of Natural Resources of the State of California, at least five (5) days before the said hearing.

Witness the Honorable Gavin W. Craig, Acting Presiding Justice of Division Two of the District Court of Appeal of the Second Appellate District, State of California.

Attest my hand and the seal of the said court, this 9th day of April, 1930.

H. C. Lillie, Clerk of the District Court of Appeal, Second Appellate District, State of California, by J. E. Brown, Deputy. (Seal.)

[fol. 331] In District Court of Appeal of California, Second Appellate District, Division Two

[Title omitted]

Demurrer to Petition for Alternative Writ of Prohibition

Come now the respondents above named, and, at the time of filing their answer and return to the alternative writ of prohibition therein, file this their demurrer to the petition herein and to said alternative writ of prohibition, upon each ot the following grounds, to-wit:

1. That said petition does not state facts sufficient to sonstitute a cause of action.

2. That said petition was and is insufficient to give this District Court of Appeal jurisdiction to issue or cause to be issued an alternative writ of prohibition, or to make any order in the premises.

3. That said petition does not show lack of jurisdiction [fol. 332] in respondent as a court of equity to issue a preliminary injunction in said action pending before respondents, referred to in said petition.

4. That said petition does not disclose any want of jurisdiction in respondents.

5. That said petition does not disclose that respondents have or are about to exceed their jurisdiction in the action now pending before respondents, in which said petitioners are defendants and referred to in said petition.

6. That said petition does not disclose that defendant petitioners are without an adequate remedy by appeal in the event respondents commit error prejudicial to defendant petitioners in said action now pending before respondents and referred to in said petition.

Wherefore respondents pray that said or any order made directing the issue of said alternative writ of prohibition be discharged, and that respondents be directed forthwith to proceed with said cause in accordance with law and rules of the court and practices of a court of equity.

U. S. Webb, Attorney General of the State of California, and James S. Bennett, Attorneys for Respondents.

[fol. 333] [File endorsement omitted]

IN DISTRICT COURT OF APPEAL OF CALIFORNIA, SECOND APPELLATE DISTRICT, DIVISION TWO

Civil. No. 7292

BANDINI PETROLEUM COMPANY, a Corporation; COMMODORE Petroleum Company, a Corporation; Wilshire Oil Company, Inc., a Corporation; Wilshire Annex Oil Company, a Corporation, and Ambassador Petroleum Company, a Corporation, Petitioners,

vs.

THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND for the County of Los Angeles and Honorable William Hazlett, as One of the Judges Thereof, Respondents

Petition for Writ of Prohibition

For Petitioners: Call & Murphey, Robert B. Murphey, and Wm. L. Murphey.

For Respondents: U. S. Webb, Attorney General, and James S. Bennett.

Amici Curiæ: Charles A. Son, Arthur R. Smiley, Roland Rich Wooley, Rush M. Blodgett and George W. Nilsson, and Robt. M. Pease and Roy P. Dolley.

OPINION—Filed Nov. 29, 1930

This is an original prohibition proceeding. The petitioners seek to prevent the respondent court from enforcing a preliminary injunction and order modifying the same and also to check any further order or proceeding against them in an action pending in the respondent court entitled People of the State of California on relation of Fred G. [fol. 334] Stevenot, Director of Natural Resources of the State of California v. Associated Oil Company, et al., which action was brought for the purpose of enjoining all of the defendants therein named from unreasonably wasting natural gas from their wells in the Santa Fe Springs oil field. On March 19, 1930, after hearing the parties to the action, the court granted a temporary injunction limiting and defining the amount of gas which the defendants would be

allowed to permit to escape into the air from their wells in the field mentioned. On March 28, 1930, the court made another order somewhat relaxing the terms of the injunction pendente lite. It is asserted by petitioners that they have been irreparably injured and damaged by attempting to curtail the production of natural gas; that there is no market for a large part thereof and that if they are to be allowed, as they calim it is their right, to employ the gas as a lifting power to raise the oil from below the surface they must of necessity permit a portion thereof to escape into the air; that prior to the temporary injunction they were producing 19,554 barrels of oil per day but that operating most efficiently under the amount of gas allowed to be used by the modified order they cannot possibly produce more than 10,211 barrels per day.

The action was instituted in the respondent court pur- [fol. 335] suant to the provisions of "An Act to protect the natural resources of petroleum and gas from waste and destruction, etc.," (Stats. 1929, p. 923) the sections of which pertinent at this point in our discussion read as follows: "Sec. 8b. The unreasonable waste of natural gas by the act, omission, sufferance or insistence of the lessor, lessee or operator of any land containing oil or gas, or both, whether before or after the removal of gasoline from such natural gas, is hereby declared to be opposed to the public interest and is hereby prohibited and declared to be unlawful. The blowing, release or escape of natural gas into the air shall be prima facie evidence of unreasonable waste. Sec. 14b. Whenever it appears to the director of the department of natural resources that the owners, lessors, lessees or operators of any well or wells producing oil and gas or oil or gas are causing or permitting an unreasonable waste of gas, he may institute, or have proceedings instituted, in the name of the people of the State of California, to enjoin such unreasonable waste of gas regardless of whether proceedings have or have not been instituted under section 8" (a section authorizing the oil and gas supervisor to issue certain orders) "hereof, and regardless of whether an order has or has not been made therein. Such proceedings shall be instituted in the [fol. 336] superior court for the county in which the well or wells from which the unreasonable waste of gas is oc-

curring or any thereof are situated. The owners, lessors, lessees or operators causing or permitting an unreasonable waste of gas in the same oil or gas field, although their properties and interests may be separately owned and their unreasonable waste separate and distinct, may be made parties to said action. In such suits no restraining order shall be issued ex parte, but otherwise the procedure shall be governed by the provisions of chapter three, title seven, part two of the Code of Civil Procedure of the State of California" (a chapter relating to injunctions) "and no temporary or permanent injunction issued in such proceedings shall be refused or dissolved or stayed pending appeal upon the giving of any bond or undertaking, or otherwise."

The arguments of the petitioners may be grouped into the following propositions, First: The act deprives petitioners of property without just compensation and without due process of law; Second: The statute is void for uncertainty and for failure of the legislature to define a standard of conduct; Third: The enactment permits the use of gas for lifting purposes in a reasonable proportion to the amount of oil produced and that the uncontroverted evi- [fol. 337] dence shows no other or greater use and for that reason the court was without jurisdiction to grant the temporary injunction.

Turning then to the first contention, it is asserted that the act is violative of the Fourteenth Amendment to the Federal Constitution, and sections 13 and 14 of Article I of the State constitution. To put the argument most favorably for the petitioners it is asserted that they have the same vested right to make use of the gas under their property for the purpose of lifting the oil thereunder that a riparian owner has to make use of the underflow of a stream passing through his property to lift the water levels of entry upon his land. It is therefore insisted by counsel that it is of prime importance to examine the nature of petitioner's rights. While this is true in a degree, yet we do not attach the same weight as do petitioners to the pure legal question whether the owner of the surface is the owner of the gas in place under his soil subject to the right of an adjoining owner to appropriate to himself the title thereof by capture and possession, or whether the owner

of the surface is vested only with the right to bore for gas and reduce it to possession. In either event he is the owner of a valuable right. Every owner of the surface [fol. 338] has a like interest and right of property, whatever it may be. We think, however, that the better reasoning, on account of the self propelling or migratory character of natural gas, as well as oil, dictates the conclusion that while in general we may speak of the owner of the surface as being the owner of the gas and oil in place, what we really mean is that he and he alone has the right through his own property to endeavor to reduce the substances to possession; that when they are reduced to possession and then only does he have an absolute and unqualified title thereto. It is argued by petitioners and by some of those who have appeared as amici curiæ that the law of California is settled to the effect that the owner of the surface is the owner of the gas and oil in situ. There are some general expressions in the authorities to this effect, particularly in tax cases where the assessments have been levied upon a lease giving and granting to the lessee the right to bore for and extract the hydro-carbon substances. But they are not controlling or helpful here. On the other hand, in distinguishing between oil and other minerals in the case of Acme Oil Co. v. Williams, 140 Cal. 681, (74 Pac. 296) the Supreme Court said:

"Oil, on the contrary, is of a fluctuating, uncertain, fugitive nature, lies at unknown depths, and the quantity, ex- [fol. 339] tent and trend of its flow are uncertain. It requires but a small surface area, in what is known as an oil district, upon which to commence operations for its discovery. But when a well is developed the oil may be tributary to it for a long distance through the strata which holds it. This flow is not inexhaustible, no certain control over it can be exercised, and its actual possession can only be obtained, *as against others in the same field*, engaged in the same enterprise, by diligent and continuous pumping. *It is the property of anybody who can acquire the surface right to bore for it*, and when the flow is penetrated, he who operates his well most diligently obtains the greatest benefit, and this advantage is increased in proportion as his neighbor similarly neglects his opportunity." (Italics ours.)

It is the co-existence of these rights which authorizes the state to make use of its legislative power. When the rights of one impinge upon the rights of others the state may interpose for the purpose of adjusting and regulating the enjoyment of those rights. This is, in a large part at least, the foundation of all the authorities which support the power of the state to regulate the production of oil and gas. In Ohio Oil Co. v. Indiana, 177 U. S. 190, (44 L. Ed. 729) it is said:

"No one owner of the surface of the earth, within the [fol. 340] area beneath which the gas and oil move can exercise his right to extract from the common reservoir, in which the supply is held, without to an extent, diminishing the source of supply as to which all other owners of the surface must exercise their rights. The waste by one owner, caused by a reckless enjoyment of his right of striking the reservoir, at once, therefore, operates upon the other surface owners," and "* * * (T)he surface proprietors within the gas field all have the right to reduce to possession the gas and oil beneath. They could not be absolutely deprived of this right which belongs to them without a taking of private property. *But there is a coequal right in them all to take from a common source of supply the two substances which in the nature of things are united, though separate.* It follows from the essence of their right and from the situation of the things as to which it can be exerted, that the use by one of his power to seek to convert a part of the common fund to actual possession may result in an undue proportion being attributed to one of the possessors of the right to the detriment of the others, *or by waste by one or more to the annihilation of the rights of the remainder.* Hence it is that the legislative power, from the peculiar nature — the right and objects upon which it is to be exerted, can be manifested for the purpose of [fol. 341] protecting all the collective owners, by securing a just distribution, to arise from the enjoyment by them of their privilige to reduce to possession, and to reach the like end by preventing waste." (Italics ours.)

In Lindsley v. Natural Carbonic Gas Co., 220 U. S. 61, (55 L. Ed. 369) where the court was considering a statute designed to prevent the waste of natural mineral water by

pumping for the purpose of extracting the gas therefrom, after reference to and a discussion of the Ohio Oil Company case just mentioned it is said:

"The mineral waters and carbonic acid gas exist in a commingled state in the underlying rock, and neither can be drawn out without the other. They are of value in their commingled form and also when separated, but the greater demand is for the gas alone. Influenced by this demand, some surface owners, having wells bored or drilled into the rock, engage in extensive pumping operations for the purpose of collecting the gas and vending it as a separate commodity. Usually where this is done an undue proportion of the commingled waters and gas is taken from the common supply, and a large, if not the larger, portion of the waters from which the gas is collected is permitted to run to waste. Thus these pumping operations generally result in an unreasonable and wasteful depletion of the common supply and in a corresponding injury to others equally [fol. 342] entitled to resort to it. It is to correct this evil that the statute was adopted, and the remedy which it applies is an enforced discontinuance of the excessive and wasteful features of the pumping. It does not take from any surface owner the right to tap the underlying rock and to draw from the common supply, but, consistently with the continued existence of that right, so regulates its exercise as reasonably to conserve the interests of all who possess it. That the state, consistently with due process of law, may do this, is a necessary conclusion from the decision in the case cited. But were the question an open one, we still should solve it in the same way."

We ought to pause long enough to direct attention to this last sentence on account of its bearing upon the argument presented here that the rule established by Ohio Oil Co. v. Indiana, supra, has becomes obselete.

In Commonwealth v. Trent, 117 Ky. 34, (4 Am. & Eng. Ann. Cas. 209) the court places the source of the regulatory power upon both grounds in the following language:

"It is well known that the supply of gas is limited, and may be exhausted. The act is intended to protect the supply from waste. Under the act, it is conceded, a person to exhaust the supply of his neighbor, cannot put down

[fol. 343] wells on his own land and allow the gas to escape from the well. * * * The legislature may protect from waste the natural resources of the state, which are the common heritage of all. The right of the owner of property to do with it as he pleases is subject to the limitation that he must have due regard for the rights of others. To allow the storehouse of nature to be exhausted by the waste of the gas would be to deprive the state and its citizens of the many advantages incident to its use. That the legislature may prevent this is well settled." (Citing cases.)

In Oklahoma the statute not only prevented the escape of gas into the air, "the intentional drowning with water of a gas stratum", the "underground waste" of gas, but also the "wasteful utilization of such gas." The supreme court of that state in the case of Quinton Relief Oil and Gas Co. v. Corporation Commission, 224 Pac. 156, after referring to Walls v. Midland Carbon Co., 254 U. S. 300, (65 L. Ed. 276) where a somewhat similar statute of Wyoming was under scrutiny, said: "A careful examination of the authorities show- that there is almost unanimity in holding that the burning of natural gas for carbon purposes in high pressure fields having sufficient rock pressure to force gas through a pipe line to domestic consumers, and where the same may be used for such purpose, constitutes a waste- [fol. 344] ful utilization thereof. Natural gas has twice the heating units as (sic) artificial gas, and taking into consideration the convenience of natural gas, it is intrinsically worth more than artificial gas; its market value being from $2.00 to $3.00 per thousand cubic feet. The amount of carbon black produced from 1,000 cubic feet of natural gas has a market value of about 10 cents. It therefore is obvious that the state, in the proper exercise of its police power and in conservation of so valuable a natural resource as natural gas, may prohibit the wasteful utilization of the same in the interest of the public welfare." In State v. Carson Carbon Co., 162 La. 781 (111 So. 162), the supreme court of Louisiana sustained an enactment by which the owners of gas wells were prohibited from taking and using for the manufacture of carbon black more than 20% of the potential capacity of a gas well. In Oxford Oil Co. v. Atlantic Oil & Producing Company, 22 Fed. (2nd) 597, the court says:

"The right of a state to so regulate the drilling of wells for oil and gas as to conserve the rights of adjoining owners is too well settled to admit of serious controversy. Ohio Oil Co. v. Indiana, 177 U. S. 190, 20 S. Ct. 576, 44 L. Ed. 720; Lindsley v. Natural Carbonic Gas Co., 220 U. S. 61, 31 S. Ct. 337, 55 L. Ed. 369, Ann. Cas. 1912 C. 160. It was [fol. 345] within the power of the legislature to lay down a general rule for the protection of the mineral rights of the owners of adjoining lands, and to leave the details of enforcing that rule to an administrative agency or board. Plymouth Coal Co. v. Pennsylvania, 232 U. S. 531, 34 S. Ct. 359, 58 L. Ed. 713."

By a divided court in the case of Walls v. Midland Carbon Co., 254 U. S. 300, 65 L. Ed. 276, a statute of Wyoming declaring the use of natural gas from a well within 10 miles of an incorporated city "without the heat therein contained being fully and actually applied and utilized for either manufacturing or domestic purposes" to be a "wasteful and extravagant use" and unlawful, was held valid and constitutional. The court reasserted the doctrine that "a state may consider the relation of rights, and accom-odate their co-existence, and, in the interest of the community, limit one that others may be enjoyed." It also says:

"The determining consideration is the power of the state over, and its regulation of, a property in which others besides the companies may have rights and in which the state has an interest to adjust and preserve, natural gas being one of the resources of the state. And in this consideration it is more important to consider not for what a particular owner uses the gas, but the proportion of his use to that of [fol. 346] others, or, it may be, the prevention of use by others; * * *".

It is apparent from the quotations that the legislative power of the state may be exercised for the purpose of adjusting co-existing rights. They also tend to indicate that the state may restrict or regulate the production of oil or gas on the theory of the public's interest in their natural resources. Whether this latter may be done we think is unnecessary to a decision of the present application. But as indicating that there is grave doubt concerning this power

we here make reference to the case of West v. Kansas Natural Gas Co., 221 U. S. 229, 55 L. Ed. 716. The state of Oklahoma attempted to prohibit the construction of pipe lines for natural gas or the transportation of the same except by domestic corporations, the charters of which were to provide that it should only be transported between points in the state and not outside. The court in declaring the statute void said with reference to the power of the state to "preserve the common property" as distinguished from the right of the state to prevent waste:

"The extent of power which the second question implies a state possesses challenges serious inquiry. The natural resources of a state may be other than natural gas; for example, may be timber, and coal and iron and other metals; but it is contended that the right of conservation [fol. 347] extends to these, and the broad statement of the first question" (the right of the state to preserve its resources) "is qualified in the argument by the properties of natural gas and the limitation of its supply. This, it is contended, gives a range to the police power of the state which otherwise it would not possess. And such power, as we understand the further contention to be, may determine not only the conservation of the resources of the state but as to what class of persons may use them, as dependent upon their transportation in state, rather than in interstate commerce. * * * The statute of Indiana" (considered in Ohio Oil v. Indiana, supra) "was directed against waste of the gas, and was sustained because it protected the use of all the surface owners against the waste of any. The statute was one of *true conservation securing the rights of property, not impairing them.* Its purpose was to secure to the common owners of the gas a proportionate acquisition of it—a reduction to possession and property—not to take away any right of use or disposition after it had thus become property. It was sustained because such was its purpose; and we said that the surface owners of the soil, owners of the gas as well, *could not be deprived of the right to reduce it to possession without the taking of private* [fol. 348] *property.* It surely cannot need argument to show that if they could not be deprived of the right to reduce the gas to possession, they could not be deprived of any right which attached to it when in possession. The

Oklahoma statute far transcends the Indiana statute. It does what this court took pains to show that the Indiana statute did not do. It does not protect the rights of all surface owners against the abuses of any. *It does not alone regulate* the right of the reduction to possession of the gas, but, when the right is exercised, when the gas becomes property, takes from it the attributes of property—the right to dispose of it; indeed, selects its market, to reserve it for future purchasers and use within the state, *on the ground that the welfare of the state will thereby be subserved. The results of the contention repel its acceptance. Gas, when reduced to possession, is a commodity; it belongs to the owner of the land; and, when reduced to possession, is his individual property, subject to sale by him, and may be a subject of intrastate commerce and interstate commerce.* The statute of Oklahoma recognizes it to be a subject of intrastate commerce, but seeks to prohibit it from being the subject of interstate commerce, and this is the purpose of its conservation. In other words, the purpose of its con- [fol. 349] servation is in a sense commercial—the business welfare of the state, as coal might be, or timber. Both of those products may be limited in amount, and the same consideration of the public welfare which would confine gas to the use of the inhabitants of a state would confine them to the inhabitants of the state. If the states have such power, a singular situation might result. Pennnsylvania might keep its coal, the Northwest its timber, the mining states their minerals. And why may not the products of the field be brought within the principle? Thus enlarged, or without that enlargement, its influence on interstate commerce need not be pointed out. To what consequences does such power tend? If one state has it, all states have it; embargo may be retaliated by embargo, and commerce will be halted at state lines. And yet we have said that 'in matters of foreign and interstate commerce there are no state lines.' In such commerce, instead of the states, a new power appears and a new welfare—a welfare which transcends that of any state. But rather let us say it is constituted of the welfare of all of the states, and that of each state is made the greater by a division of its resources, natural and created, with every other state, and those of every other state with

it. This was the purpose, as it is the result, of the inter-[fol. 350] state commerce clause of the Constitution of the United States. If there is to be a turning backward, it must be done by the authority of another instrumentality than a court." (Italics ours.)

It is argued however, that the statute involved herein does not proceed upon the theory of correlative rights, but only upon the policy of conserving or preserving the common supply. We cannot assent to this statement or construction of the enactment. It is true that section 8b of the act declares the "unreasonable waste of natural gas * * * to be opposed to the public interest" and "to be unlawful" but it is also apparent from a reading of the entire act that unreasonable waste of gas is considered to be the production of an undue proportion of gas to the amount of oil, in the particular field involved, by one surface owner as against others, in those instances where the gas is not conveniently necessary for the "generation of light, heat, power or other *purpose* industrial purpose." That this is the intent and purpose of the law is made manifest from the following quotation from section 8d:

"If it shall appear that gas is being produced from any oil well or wells in quantities exceeding *a reasonable proportion to the amount of oil produced* from the same well [fol. 351] or wells, even though it is shown that such excess gas is being used in the generation of light, heat, power or other industrial purpose and that there is sufficient other gas available for such uses from other wells in the same or other fields in which the gas produced is not in excess of the amount which bears *a reasonable proportion to the amount of oil produced* from such other wells and that there are adequate gaspipe-line connections between such other wells and the place of utilization of such gas, the state oil and gas supervisor shall hold that such excess production of gas is unreasonable waste thereof if such holding will not cause an unreasonable waste of gas in any other field." (Italics ours.)

The legislation was evidently adopted upon the theory that in every oil field there is what we may term (at least for illustrative purposes) a normal proportion of gas to

oil; that when an unreasonable disproportion of gas to oil exists in a given well there is a corresponding loss of recoverable oil by other owners who would otherwise employ the lifting power of the excessive gas to good purpose; and that this disproportionate production of gas should not be permitted unless the gas as a separate thing be conveniently necessary for domestic or industrial purposes. We have not overlooked the fact that the act makes [fol. 352] the blowing or relaeas of gas into the air prima facie proof of unreasonable waste. It is to be observed, however, that such waste is not absolutely prohibited as it was in Ohio Oil Co. v. Indiana, supra, but it is only made a rule of evidence. But even if such were the results of the act the authorities from which we have quoted would dispose of the arguments of the petitioners. We are therefore irresistibly led to conclude that the statute here involved is not as stringent in its restrictions as those in other jurisdictions and further that it does not deprive the petitioners of property without just compensation or due process of law but falls rather within the legislative authority of the state with the wisdom of which we cannot be concerned.

We also find authority of a persuasive character in our own state. In Ex parte Elam, 6 Cal. App. 233, (91 Pac. 811), the court was considering a statute to prevent the waste and flow of artesian wells and making it a misdemeanor to waste the flow thereof. On account of the pertinency of the discussion relative to a similar argument we deem it expedient to set forth in full the first question raised therein and the response of the court thereto. We quote as follows:

"The first point made by petitioner—which is that the act [fol. 353] is violative of the fourteenth amendment of the constitution of the United States, which provides that no state shall 'deprive any person of life, liberty, or property without due process of law, nor deny to any person within its jurisdiction the equal protection of the law,' and of article I, section 1 of the constitution of this state, which provides that 'all men are by nature free and independent, and have certain inalienable rights, among which are those of enjoying and defending life and liberty, acquiring, possessing and protecting property', and of section 13, article

I, which provides that no person shall be 'deprived of life, liberty, or property without due process of law'—seems to have been met and demonstrated to be untenable by the Supreme Court of the United States in the case of Ohio Oil Co. v. State of Indiana, 177 U. S. 190, (20 Sup. Ct. Rep. 576). By that case it is established that water, oil, gas and all fugitive substances held in their natural subterranean reservoirs are exceptions to the general rule establishing absolute ownership in the proprietor of the surface of all that lies underneath; that these minerals being migratory in their nature, having no fixed situs, are a part of the soil only so long as they are on or in it, but after they escape and go to other lands the title of the [fol. 354] former owner is gone; that it follows, therefore, that no one owner of the surface of the earth within the area beneath which these minerals move can exercise his right to extract from the common reservoir in which the supply is held without diminishing the source of supply as to which all other owners of the surface must exercise their rights; that in consequence of the nature of the deposits, of their transmissibility, of their inter-dependence, of the rights of all and of the public at large, the state could lawfully exercise the power to regulate the right of the surface owners among themselves to seek to obtain possession, and to prevent the waste of the products in which all the surface owners within the area wherein they were deposited, as well as the public, had an interest. 'No devesting of private property under such a condition can be conceived, because the public are the owners, and the enacting by the state of a law as to the public ownership is but the discharge of the governmental trust resting in the state as to property of that character.' This water, the ownership of which, until actual possession is acquired, being in the public, or at least that portion of the public who may own the surface of the soil within the artesian belt, is subject to a reasonable use only by those interested [fol. 355] therein. This reasonable use is determined in Katz v. Walkinshaw, 141 Cal. 134, (99 Am. St. Rep. 35, 70 Pac. 663, 74 Pac. 766), to be the use of such amount of the subterranean water 'as may be necessary for some useful purpose in connection with the land from which it is taken'. The conditions existing in this state with reference to the

necessity for the conservation of irrigating waters are most clearly set our in the last case cited, and the reasons for the rule restricting the use clearly shown. Whenever a land owner exceeds this reasonable use he is appropriating to himself that which belongs to others who are entitled to a like use, and to that extent is obstructing the free use of property so as to interfere with its comfortable enjoyment, and which, by sections 3479 and 3480, Civil Code, is declared to be a public nuisance. Whatever right one has, even in his own, is subject to that established principle that his use shall not be injurious to the rights of others, *or of the general public.* This act, therefore, relates to waters, the right to the use of which is common to a large portion of the community, and affects the general public right. Legislation in relation thereto affects the public welfare, and the right to legislate in regard to its use and conservation is referable to the police power of [fol. 356] the state which is declared in Ex parte Whitwell, 98 Cal. 78, (35 Am. St. Rep. 152, 32 Pac. 870), to be 'the power to make laws to secure the comfort, convenience, peace and health of the community.' 'The police power, deriving its existence from the rule that the safety of the people is the supreme law, justifies legislation upon matters pertaining to the public welfare, the public health, or the public morals.' (Ex parte Drexel, 147 Cal. 766, (82 Pac. 429).) It is settled law that all property is held subject to the exercise of police power, and that provisions of the constitution declaring that property shall not be taken without due process of law have no application in such cases. (Odd Fellows Cem. Assn. v. San Francisco, 140 Cal. 230 (73 Pac. 987).)" (Italics ours.)

It is to be observed that the case of Ohio Oil Co. v. Indiana, supra, is apprvoed and legislation of a character very much akin to the enactment now under scrutiny has been found not to invade the constitutional provisions against deprivation of property without compensation and without due process of law.

In the discussion of the problem to this point we think the essential difference from the question involved in Herminghaus v. Southern California Edison Co., 200 Cal. [fol. 357] 81, (252 Pac. 607) is made apparent. It is to be noted that the contest in that case was between a riparian

owner, whose rights have long been established in our jurisdiction, and an appropriator of water who cannot divest a private existing right by his act of appropriation. This is quite a different thing from the adjustment and regulation of the co-existing rights of several persons. The rights here involved are more nearly analogous to those discussed in Ex parte Elam, supra, and in Eckel v. Springfield Tunnel etc. Co., 87 Cal. App. 617, (262 Pac. 425), in the latter of which cases the rule was re-announced that as between riparian owners one can only take his reasonable share thereof. It is there determined that he cannot take all that is reasonably required to develop his land but only that amount which will not unreasonably deprive the owners of co-equal rights of a proper proportion.

We therefore turn to the second angle of our problem: Is the statute void for uncertainty and the failure of the legislature to define a standard of conduct? The objection thus urged against the enactment arises from the use of the word "unreasonable." Were it not for the argument that it is not waste to permit the use of the gas to lift the [fol. 358] oil to the surface it would be obvious that without the qualifying word the enactment could not be subjected to attack upon the ground of uncertainty. As we have heretofore observed, the Indiana statutes prohibited all waste, and the United States Supreme Court concluded it to be a proper exercise of the legislative authority despite the argument that the owners of the surface were entitled to make use of its force to raise the oil from beneath the ground. Undoubtedly the legislature had in mind the Indiana statute and its construction, as well as others from other oil producing states. It would seem to logically follow that they made use of the word unreasonable for the very purpose of providing that the operators of a well might utilize a reasonable proportion of gas for the purpose of lifting the oil to the surface. This thought coincides with that indicated by the language we have already quoted to the effect that it shall be held to be an unreasonable waste of gas for one to produce gas in excess of "a reasonable proportion to the amount of oil produced," when such gas is not conveniently necessary for other than lifting purposes. When viewed in this light we think the word unreasonable is not so uncertain as to render the enactment

void and inoperative. In fact our courts have frequently [fol. 259] applied the rule of reasonable use between riparian owners where similar correlative rights are involved. We have already cited the case of Eckel v. Springfield Tunnel etc. Co. and Ex parte Elam, and to these we may add the following: Irrigation Dist. v. Mt. Shasta P. Corp., 202 Cal. 56, (259 Pac. 444); Turner v. The James Canal Co., 155 Cal. 82 (99 Pac. 520). In the latter of these two cases the words are so pertinent that they should be quoted. They are:

"Out of regard to the equal rights of others whose lands may abut upon the same water the law has declared, as will hereafter be more fully shown, that the use of the water for irrigation, so far as it affects the rights of others similarly situated, *must be reasonable,* and must be confined to a reasonable share thereof. But with this common limitation, the right to use water upon adjoining land applies as well to the water of a lake, pond, slough or any natural body of water, by whatever name it may be called, as to a running stream." (Italics ours.)

In a slightly different situation but still for the purpose of adjusting co-equal rights, the supreme court applied the same doctrine in Katz v. Walkinshaw, 141 Cal. 128, (74 Pac. 766), and in San Bernardino v. Riverside, 186 Cal. 25 (198 Pac. 784). In the former it said:

"The doctrine of *reasonable use,* on the other hand, af- [fol. 360] fords some measure of protection to property now existing, and greater justification for the attempt to make new developments. It limits the right of others to such amount of water as may be necessary for some usual purpose in connection with the land from which it is taken * * *. The objection that this rule of correlative rights will throw upon the court a duty impossible of performance, that of apportioning an insufficient supply of water among a large number of users, is largely conjectural."

In the latter we find these words:

"With regard to such land owners these cases hold that each owner of land overlying the same general underground supply of water may take such water on his own

land for any beneficial use thereon, so long as such taking works no *unreasonable injury to other land overlying such waters;* that if the natural supply is not sufficient for all such owners, each is entitled only to his *reasonable* proportion of the whole, and that each may apply to the courts to restrain an injurious and unreasonable taking by another and to have the respective rights adjudicated and the use regulated so as to prevent unnecessary injury and restrict each to his reasonable share." (Italics ours.)

These authorities set at rest the contention that the enactment is uncertain as well as the incidental assertion that [fol. 361] the legislature has by the language of the act and its failure to define a standard of conduct with greater rigidity, attempted to confer upon the court a legislative function. From them, as well as those cases such as Standard Oil Co. v. U. S., 221 U. S. 1 (55 L. Ed. 619), wherein the court announced and adopted the "rule of reason" holding that it was only those unreasonable restraints of trade which were intended to be curbed by the Sherman Anti-Trust Act, we find that the courts have for a considerable period of time been accustomed in *circumstances such as are concerned in the present enactment to apply the standard and guide of reason for the adjustment of those rights the unrestricted exercise of which would injuriously affect the rights of others.* In fact it is not a new rule in the domain of jurisprudence but a new adaptation of the old maxim: "*sic utere tuo ut alienum non laedas.*". (Italics ours.)

Sufficient has been said to effectually dispose of the remaining argument of petitioners and demonstrate that it is founded on a misconception of the legislative intent. Their argument is in effect that they are not producing an undue proportion of gas when the gas production is meas- [fol. 362] ured by the oil from one specific well. But this is obviously not the purpose of the law, as may clearly be indicated by a single illustration. Suppose a well is drilled and comes in, as what is commonly termed "a gasser", that is, a well which produces an insignificant quantity of oil. Conceivably such a well might drain the field of its supply of gas, leaving the oil therein unrecoverable, to the great and irreparable injury of the other surface owners. We

have instanced an extreme possibility, but our interpretation of the act is that it was intended to remedy a lesser but nevertheless unreasonable degree of waste of the same character.

Another answer to this argument of petitioners is that having determined that the court has the jurisdiction to determine what is an unreasonable waste, we cannot interfere by the writ of prohibition to deprive its judgment of effect. And we here direct attention to the determination of the respondent court that "there appears to be an unreasonable waste of natural gas in the Santa Fe Oil Field," and "that the evidence available * * * shows that the unreasonable waste of natural gas in said field may be substantially reduced and that the equities of all parties may be fairly conserved by a preliminary injunction which will [fol. 363] limit the waste of gas by restricting the production there-of to a quantity reasonably in excess of the present outlets for beneficial use above ground etc., etc.," It does not appear from the facts presented to us that insofar as the particular case before us is concerned the court exceeded its jurisdiction in finding as we have already quoted.

It is suggested in the briefs that the legislature is without authority to restrict the production of oil, and less we be misunderstood we deem it expedient to add that the record does not indicate that the temporary injunction was founded upon such a theory. Nor are we determining that the act attempts to confer upon the court any such power. Rather we are convinced that a proper construction of the enactment confines the authority within the limits of enjoining the production of gas when in excess of the reasonable proportion to the oil for the particular field involved, when not conveniently necessary for other than lifting purposes.

Writ of prohibition denied.

Ira F. Thompson, J.

We concur:

Works, P. J.; Craig, J.

[fol. 363a] In District Court of Appeal of California, Second Appellate District, Division Two

Civil. 7292

Bandini Petroleum Co. et al.

vs.

Superior Ct. L. A. et al.

Order Denying Writ of Prohibition—Nov. 29, 1930

Writ of prohibition denied.

Ira F. Thompson, J.

We concur:

Works, P. J.; Craig, J.

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[fol. 363b] Due Dec. 27, 1930.
Opinion by Judge Thompson.
Reported 63 Cal. App. Dec. 1175.

In the District Court of Appeal, Second Appellate District, State of California, Division Two

——2nd Civil. No. 7292

Bandini Petroleum Company, a Corporation; Commodore Petroleum Company, a Corporation; Wilshire Oil Company, Inc., a Corporation; Wilshire Annex Oil Company, a Corporation, and Ambassador Petroleum Company, a Corporation, Petitioners,

vs.

The Superior Court of the State of California in and for the County of Los Angeles and Honorable William Hazlett, as One of the Judges Thereof, Respondents

Petition for Rehearing—Dated Dec. 27, 1930

Call & Murphey, by Robert B. Murphey and Asa V. Call, Pacific Mutual Bldg., 6th and Grand Ave., L. A., Attorneys for Petitioners.

By the Court:

Rehearing denied.

Works, P. J.

Dist. Court of Appeal, Second Dist. Filed Dec. 19, 1930. H. C. Lillie, Clerk. C. L. King, Deputy Clerk.

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[fol. 372] In District Court of Appeal of California, Second Appellate District, Division Two

[Title omitted]

Petition for Rehearing—Filed Dec. 19, 1930

Petitioners hereby respectfully petition this Honorable Court for a rehearing and re-examination of the statements of law and fact embodied in the opinion of this court filed November 29, 1930, which is reported at 63 C. A. D. 1175.

[fol. 373] Introductory Statement

Notwithstanding that petitioners appreciate the serious thought and arduous study which the opinion of this court evidences was given to the difficult problems presented by this case, petitioners respectfully and with due deference submit that a rehearing should be granted by this court, for the following general reasons, in addition to the particular reasons hereinafter set forth:

1. Because there appears to be a considerable divergence of opinion as to the questions of constitutional law, statutory construction, and the application of the law to the facts presented by the petition, and it is vitally important to petitioners and the entire oil industry of the State that they be correctly decided.

2. Because the opinion of this court is inconsistent in several material respects with the opinion of the Supreme Court of California filed on December 3, 1930, shortly after the decision of this court in the supersedeas proceedings entitled People v. Associated Oil Company et al., as to the constitutional questions presented, the construction of the

statute involved, and the application of the statute. Said decision of the Supreme Court has not become final, and is subject to a rehearing being granted after the time limit for this court to grant a rehearing in this proceeding.

[fol. 374] 3. Because the opinion of this court contains, and is based upon, a number of erroneous statements of fact which are not contained in but are contradicted by the record, and also ignores a number of admitted and uncontroverted facts contained in the record.

4. Because the order of the lower court is in conflict with the statute as construed by the Supreme Court of California and as also construed by this court.

5. Because, under the opinion of the Supreme Court, and the decisions heretofore cited by petitioners in their briefs, the effect of the paragraph numbered 3 of the order of the lower court is to deprive petitioners of their property without due process of law, and to take petitioners' property for a public use without just compensation, in violation of the Fourteenth Amendment of the Federal Constitution and of the corresponding provisions of the California Constitution.

6. Because the statute, as respondents may claim it was construed by the Supreme Court of California, is still so vague, indefinite and uncertain as to be devoid of a sufficient standard or test for determining what shall constitute waste of natural gas or unreasonable waste of natural gas or reasonable waste of natural gas, or what can or cannot [fols. 375-485] be done under the statute, and this is in violation of the due process clause of the Fourteenth Amendment of the Federal Constitution and the corresponding provisions of the California Constitution, as well as the provisions of the California Constitution prohibiting a court from exercising legislative functions.

7. Because the court failed to pass upon a number of material questions presented by petitioners entitling petitioners to the relief prayed for.

8. Because each of the points and propositions heretofore presented in the various briefs filed by petitioners is well taken and amply supported by authorities, and should be

carefully reconsidered. Any one of said propositions is sufficient to justify granting the relief prayed for.

9. Because the court's decision involves properties of the petitioners worth several million dollars and is of vital importance to, and will have a tremendous effect upon, other oil companies in a like situation engaged in the production of oil and gas in Santa Fe Springs and other oil fields throughout the state.

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[fol. 486] IN DISTRICT COURT OF APPEAL OF CALIFORNIA, SECOND APPELLATE DISTRICT, DIVISION TWO

Civil. No. 7292

BANDINI PETROLEUM CO. et al.

vs.

SUPERIOR COURT, LOS ANGELES COUNTY, etc.

ORDER DENYING REHEARING—December 27, 1930

By the COURT:

Rehearing denied.

Works, P. J.

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[fol. 486a] S. F. 13906. L. A. No. —

IN THE SUPREME COURT OF THE STATE OF CALIFORNIA

2nd Civil. No. 7292

BANDINI PETROLEUM COMPANY, a Corporation; COMMODORE Petroleum Company, a Corporation; Wilshire Oil Company, Inc., a Corporation; Wilshire Annex Oil Company, a Corporation; and Ambassador Petroleum Company, a Corporation, Petitioners,

vs.

THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND for the County of Los Angeles and Honorable William Hazlett, as One of the Judges Thereof, Respondents

PETITION FOR HEARING BY THE SUPREME COURT AFTER DECISION BY THE DISTRICT COURT OF APPEAL AND OPINION OF THAT COURT ATTACHED THERETO AS EXHIBIT "A"—Filed Jan. 8, 1931. B. Grant Taylor, Clerk, by Coullis, L. A. Deputy.

Call and Murphey, by Robert B. Murphey and Asa V. Call, Pacific Mutual Bldg., 6th and Grand Ave., L. A., Attorneys for Petitioners.

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[fol. 499] In Supreme Court of California

Bandini Petroleum Company, a Corporation; Commodore Petroleum Company, a Corporation; Wilshire Oil Company, Inc., a Corporation; Wilshire Annex Oil Company, a Corporation, and Ambassador Petroleum Company, a Corporation, Petitioners,

vs.

The Superior Court of the State of California in and for the County of Los Angeles and Honorable William Hazlett, as One of the Judges Thereof, Respondents

Petition for Transfer and Hearing—Filed Jan. 8, 1931

Petitioners respectfully and earnestly petition this Honorable Court for a transfer and a hearing of the prohibition proceedings heretofore pending in the District Court of Appeal, Second Appellate District, Second Division, determined by the decision of that court filed November 29, 1930, and reported at 63 C. A. D. 1175. A copy of the opinion of the District Court of Appeal showing the

[fol. 500] date of filing thereof accompanies this petition. A timely petition for a rehearing of said matter in said District Court of Appeal has been denied.

## Preliminary Statement

The record and the admitted facts of this case are widely and materially different from those involved in the case of People v. Associated Oil Company, 80 Cal. Dec. 607.

In the case at bar the return of the respondent consists solely of a demurrer to the petition for writ of prohibition; thus, all of the facts alleged in the petition are, for the purposes of this proceeding, admitted to be true. These admitted facts as hereinafter set forth disclose that there is very little similarity between the facts of the two cases. So this case is not controlled by the recent decision of this court.

In a nut-shell, it appears from the admitted facts in the record not only that each of the petitioners' wells is operating at its optimum or best mean gas and oil ratio, but also that each well is operating at a reasonable gas-oil ratio for the field, being amongst the lowest in the field, and hence that none of their wells are in any sense "wasters". So petitioners are thus admittedly complying with the stand-
[fol. 501] ard or measure of unreasonable waste prescribed by the statute as construed by this court, but also with the standards set forth in the opinion of the District Court of Appeal.

Notwithstanding this, paragraph numbered 3 of the order of the lower court deprives petitioners of more than half of the gas required to operate their wells at a proper gas-oil ratio in accordance with the standard or measure established in both opinions, and requires the shutting down and killing of a great number of their wells, each admittedly operating at a lawful gas-oil ratio. Petitioners are admittedly deprived of this gas for the sole purpose of "conserving such natural gas for the benefit of the general public" (p. 23). This is in direct violation of the statute, and also constitutes a taking of petitioners' property without due process of law, and without just compensation, contrary to the 5th and 14th Amendments to the U. S. Constitution.

It is necessary for this petition to be granted, not only (A) to secure uniformity of decision, but also (B) in order to secure the settlement of important questions of law.

The grounds upon which such necessity is claimed to exist are:

[fol. 502] A. Necessity of Uniformity of Decision

The decision of the District Court of Appeal is not consistent with the recent opinion of this court in People v. Associated Oil Company, 80 Cal. Dec. 607, but is in direct conflict therewith in a number of material respects:

First. The two opinions are in direct conflict as to the construction of the statute involved, in this:

(a) The standard or measure of "unreasonable waste of natural gas" prescribed by the statute as construed by this court is the "best mean gas-oil ratio" for each well (80 Cal. Dec. 615), whereas the standard prescribed by the statute as construed by the District Court of Appeal is the "normal" or reasonable "proportion of gas to oil for the field" (63 C. A. D. 1182). Under the admitted facts of this case petitioners are complying with the statute, measured by both or either standard.

(b) Under the standard of the statute as construed by the District Court of Appeal a producer is entitled to produce gas in excess of the proper gas-oil ratio when the excess gas so produced is "conveniently necessary for the generation of light, heat, power or other industrial purpose" (63 C. A. D. 1182, 1186). No such factor appears in the standard prescribed by the statute as construed by [fol. 503] this court. Under the admitted facts, petitioners are not violating the statute if this factor is also to be considered.

Second. The two opinions are in direct conflict as to the scope of the power of the Legislature under the state and federal constitutions, in this, that under the opinion of the District Court of Appeal "the legislative power of the state may be exercised for the purpose of adjusting co-existing rights" of the surface owners over oil and gas de-

posits, but that "there is grave doubt" whether the state may restrict or regulate the production of oil or gas on the theory of the public's interest in privately owned natural resources (63 C. A. D. 1180), whereas in the said recent decision of this court the legislative power exists not only to regulate co-existing rights of the surface owners but also upon the theory that "the public has a sufficient interest in the preservation of oil and gas to justify legislation to prevent waste thereof" (80 C. D. 611, 613).

Third. The two opinions are in direct conflict as to the application of the statute, in this, that under the decision of the District Court of Appeal the fact that petitioners were admittedly "not producing an undue proportion of gas when the gas production is measured by the oil from one specific well" (63 C. A. D. 1185), was held to be immaterial, whereas under the opinion of this court such admitted fact [fol. 504] is of paramount importance, in that it established that petitioners were operating each of their wells exactly in accordance with the standard of the statute as construed by this court, to-wit, that they are operating each oil and gas well at its "best mean gas and oil ratio in the utilization of the lifting power of the gas and the production of the greatest quantity of oil to the proportion of gas so utilized" (80 C. D. 615). As already stated, measured by both or either tests, under the admitted facts petitioners are not violating the statute.

Uniformity of decision by the elimination of these inconsistencies can only be accomplished through a hearing and determination of this case by this court. In addition to this there are:

## B. Important Legal Questions Necessary for This Court to Determine

First. It is of the utmost importance to the entire oil industry of the state that the measure or test of unreasonable waste of natural gas be at once set at rest by this court. It is generally recognized by all attorneys who have considered the recent opinion of this court in People v. Associated Oil Company, 80 Cal. Dec. 607, that it needs clarification. This is particularly true because it is being [fol. 505] so misconstrued and distorted by opposing coun-

sel and the officials charged with the enforcement of the statute as to make the construction of the statute involved as uncertain and unsettled as ever in determining the proper standard or measure of "unreasonable waste of natural gas" to be applied.

Second. Is there some other or additional standard or test to be used in determining whether there is an "unreasonable waste of natural gas" in any particular case, other than the best mean gas-oil ratio for each well in the utilization of the lifting power of the gas in the production of oil, which this court repeatedly and unqualifiedly stated was the measure or test in its said recent opinion? We claim there is not. But opposing counsel, seizing upon certain isolated statements in the opinion, claims that under said opinion the statutory prohibition against "unreasonable waste of natural gas," in addition to requiring the operation of each well at its optimum or best mean gas-oil ratio, requires also: (1) that each well be so operated as not to produce a higher gas-oil ratio than a reasonable gas-oil ratio for the field, even though this may require wells, each operated at its best mean gas-oil ratio, to be killed, and (2) that the amount of gas required to produce oil at the best mean gas-oil ratio of each well cannot be produced if it results in blowing to the air an unreasonable [fol. 506] quantity of gas so utilized, after the gasoline has been removed therefrom, because there is no market for the gas so blown to the air, and even though this requires wells operated at a proper gas-oil ratio to be killed. (Reply to Petition for Rehearing in District Court of Appeal, p. 27.)

Third. If, in addition to the best mean gas-oil ratio of each well, there are any other standards or tests to be applied, such as those contended for by opposing counsel, how can the same be ascertained? What is the basis and limits of each? What are the factors to be considered in each, and the weight of each factor? What is the relative weight and importance to be attached to each standard? Does not such construction introduce economic factors and render it void for uncertainty and lack of a sufficiently definite guide or criterion as to what is lawful and what is unlawful within the purview of the "due process" clauses of the Federal

and State Constitutions, and the limitations in the State Constitution prohibiting the delegation of legislative power to the executive or judicial branches of the government? Does not this make the lower court's order in excess of its jurisdiction?

Fourth. In view of the fact that the demurrer admits that each of petitioners' wells is operated at its best mean [fol. 507] gas-oil ratio (Petition, pp. 7, 8, 12), "and is so operated that it does not injuriously affect the operations of others owning and/or operating wells in said field" and "that the gas-oil ratio of the wells of petitioners is the third lowest amongst the nine largest producers of oil in said Santa Fe Springs oil field" (p. 12) so that petitioners admittedly are not violating the standard of the statute as construed either by this court or the District Court of Appeal,—has the Superior Court jurisdiction to further greatly curtail production of gas by petitioners so as to limit their gas production to less than one-half of the gas admittedly required to operate each of its wells at its best mean gas-oil ratio and so as to require the killing or shutting in of many wells lawfully operated at proper gas-oil ratios, for the admitted sole "purpose of conserving such natural gas for the benefit of the general public"?

Fifth. Does not paragraph numbered 3 of the preliminary injunction, under the circumstances mentioned in the preceding paragraph, constitute not only a violation of the statute but a setting up by the lower court of an arbitrary standard of its own, based solely upon market demands for the gas produced from this field, in excess of the jurisdiction of the court, in that it prohibits what the statute permits?

[fols. 508-670] Sixth. Does not paragraph numbered 3 of the preliminary injunction, under the circumstances mentioned in paragraph "Fourth", also constitute a deprivation of petitioners' property and property rights, in violation of the "due process" and "just compensation" clauses of the Federal and State Constitutions, and an excess of jurisdiction of the lower court?

Seventh. Does not the construction of the statute contended for by opposing counsel and as applied by the lower

court, render the statute in conflict with the United States Constitution, the protection of which petitioners hereby invoke, (1) in that it denies petitioners the "equal protection of the laws," and is discriminatory; (2) in that it goes too far under the local conditions existing in California, (3) in that it requires the exercise of the power of eminent domain, (4) in that it deprives petitioners of their liberty and property without "due process" of law, and (5) in that it "impairs the obligations" of petitioners' lease contracts requiring diligent drilling? If so, is not the enforcement of this construction by the lower court order in excess of the jurisdiction of that court?

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[fols. 671 & 671a] I, B. Grant Taylor, Clerk of the Supreme Court of the State of California, do hereby certify that the preceding and annexed is a true and correct copy of petition for hearing filed January 8th, 1931, as shown by the records of my office.

Witness my hand and the seal of the Court this 19th day of March, A. D. 193-.

B. Grant Taylor, Clerk, by S. Erb, Chief Deputy.
(Seal Supreme Court of California.)

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[fol. 671b] IN SUPREME COURT OF CALIFORNIA

In Bank

S. F. No. 13906. 2 Civ. No. 7292

BANDINI PETROLEUM CO. et al.

vs.

SUPERIOR COURT, LOS ANGELES COUNTY.

ORDER DENYING PETITION FOR HEARING—Filed Jan. 26, 1931

By the COURT:

The petitioners petition to have the above entitled cause heard and determined by this Court after judgment in the

District Court of Appeal of the Second Appellate District, Division Two, is denied.

Dated this 26th day of January, 1931.

Waste, C. J.

I, B. Grant Taylor, Clerk of the Supreme Court of the State of California, do hereby certify that the preceding is a true copy of an order of this Court, as shown by the records of my office.

Witness my hand and the seal of the Court this 19th day of March, A. D. 1931.

B. Grant Taylor, Clerk, by S. Erb, Chief Deputy Clerk. (Seal Supreme Court of California.)

[File endorsement omitted.]

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[fol. 672] In District Court of Appeal of California

[Title omitted]

**Petition for Appeal, Request for Supersedeas, Assignment of Errors, and Prayer for Reversal**—Filed Feb. 13, 1931

Petition for Appeal

1. Considering themselves aggrieved by the decision and judgment of the District Court of Appeal, Second Appellate District, Second Division, of the State of California, filed November 29, 1930, denying petitioner a peremptory writ of mandate directed to the Superior Court of the State of California, in and for the County of Los Angeles, and to Honorable William Hazlett, as one of the judges thereof, as prayed for and as set forth in the alternative writ of [fol. 673] prohibition theretofore issued by said court, in which prohibition proceedings a timely petition for a rehearing of said decision and judgment was denied by said court on December 27, 1930, and a timely petition for a transfer and hearing of said suit and said decision by the Supreme Court of California was denied by said court on January 26, 1931, and said decision and judgment being a final judgment in the said suit in the highest court of the state in which a decision of the suit can be had,—the peti-

tioners Bandini Petroleum Company, a corporation, Commodore Petroleum Company, a corporation, Wilshire Oil Company, Inc., a corporation, Wilshire Annex Oil Company, a corporation, and Ambassador Petroleum Company, a corporation, hereby pray that an appeal be allowed to the Supreme Court of the United States from the said final judgment, and petitioners desiring the appeal to be a supersedeas, pray an order touching the security to be required of them and the approval of such bond as required in this case.

2. Petitioners respectfully show by this petition and the assignment of errors hereinafter set forth that in the records and proceedings in said suit there was drawn in [fol. 674] question the validity of a statute of the State of California on the ground of its being repugnant to section 10 of Article I and the Fourteenth Article of the Amendments of the United States Constitution, and the final decision in the suit is in favor of the validity of such statute. The said statute of the State of California the validity of which was so drawn in question is entitled, as amended, "An Act to protect the natural resources of petroleum and gas from waste and destruction; relating to the creation of a division in the department of natural resources for the prevention of such waste and destruction; providing for the appointment of a state oil and gas supervisor; prescribing his duties and powers; fixing his compensation; providing for the appointment of deputies and employees; providing for their duties and compensation; providing for the inspection of petroleum and gas wells; requiring all persons operating petroleum and gas wells to make certain reports; permitting and authorizing agreements in the interests of conservation; providing for suits by the director of the department of natural resources in the name of the people of the State of California; providing procedure for arbitration of departmental rulings; creating a fund for the purposes of the act; providing for assessment of [fol. 675] charges to be paid by operators and providing for the collection thereof; and making an appropriation for the purposes of this act". The particular sections of said statute as amended the validity of which is drawn in question are sections 8b, 8d, 9, 14a and 14b. The said statute with its various amendments consists of chapter 718, Stat-

utes of California for 1915, as amended by chapter 759, Statutes of California for 1917, as amended by chapter 536, Statutes of California for 1919, as amended by chapter 912, Statutes of California for 1921, as amended by chapter 535, Statutes of California for 1929.

3. And likewise in said cause, as appears from the assignment of errors hereinafter set forth and in the records and proceedings in said suit, there were drawn in question rights, privileges and immunities arising under section 10 of Article I, and Article Fourteenth of the Amendments, of the United States Constitution which were specially set up and claimed by your petitioners, and the said final judgment of the highest court in the State of California in which a decision thereof can be had is against and denies such rights and privileges and immunities so specially set up and claimed.

[fol. 676] ASSIGNMENT OF ERRORS

Said appellants and each of them assign the following errors in the record and proceedings in the said suit:

1. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding that the said statute of California as amended as aforesaid prohibiting "the unreasonable waste of natural gas" is not void for uncertainity and lack of a standard or a sufficiently definite standard to satisfy the "due process" clause of the Fourteenth Amendment of the United States Constitution, and in holding that what constitutes unreasonable waste of natural gas is, by section 14b of the said statute as amended, properly determinable by judgment or order of the Superior Court of the State of Cafifornia.

2. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding that the said statute as amended is a proper exercise of the police power and does not require the exercise of the power of eminent domain as provided by the Fourteenth Amendment of the United States Constitution.

3. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in

holding that the said statute as amended, and as applied [fol. 677] and enforced in the preliminary injunction as originally made and as modified, referred to and involved in said decision and judgment of said District Court of Appeal, does not deprive petitioners and each of them of their liberty without "due process of law" as required by the Fourteenth Amendment to the United States Constitution.

4. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding that the said statute as amended, and as applied and enforced in the preliminary injunction as originally made and as modified, referred to and involved in said decision and judgment of said District Court of Appeal, does not take the property of petitioners and each of them, for a public use without just compensation, in violation of the rights secured to each of petitioners by the "due process" clause of the Fourteenth Amendment of the Constitution of the United States.

5. The said District Court of Appeal, erred in holding in effect that the taking of petitioners' property as alleged in the petition for writ of prohibition filed in said court is a public use, and that the rights of petitioners under the [fol. 678] "due process" clause of the Fourteenth Amendment of the United States Constitution are not violated by the making or enforcement against petitioners or any of them of the preliminary injunction as originally granted or as modified.

6. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding that the said statute as amended, and as applied and enforced in the preliminary injunction as originally made and as modified, referred to and involved in said decision and judgment of said District Court of Appeal of California, does not impair the obligations of the oil and gas lease contracts of the petitioners, and is not in violation of Section 10 of Article I of the United States Constitution.

7. The District Court of Appeal, Second Appellate District *District,* Second Division, of the State of California,

erred in holding that the said statute as amended and as attempted to be enforced against petitioners does not deny to petitioners the equal protection of the laws and is not in violation of rights of petitioners respectively secured by the "equal protection of the Laws" clause of the Fourteenth Amendment to the United States Constitution.

[fol. 679] 8. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding and deciding that the preliminary injunction of the Superior Court in and for the County of Los Angeles made on March 19, 1930, and as modified on March 28, 1930, and the enforcement thereof against petitioners, is not in excess of the jurisdiction of said Superior Court. In so holding, the said District Court of Appeal has, in effect, held that the said statute prohibiting the "unreasonable waste of natural gas" is not void for uncertainty and lack of a standard or a sufficiently definite standard as to what is prohibited and what is permitted to satisfy the due process clause of the Fourteenth Amendment to the United States Constitution.

9. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding and deciding that the preliminary injunction of the Superior Court in and for the County of Los Angeles made on March 19, 1930, and as modified on March 28, 1930, and the enforcement thereof against petitioners, is not in excess of the jurisdiction of said Superior Court. In so holding, the said District Court of Appeal has, in effect, held that, even though under the admitted and uncontra-[fol. 680] dicted facts petitioners' wells are operated in accordance with the standard prescribed by the said statute as construed by said court, namely, so as not to produce gas from any oil and gas well in quantities exceeding a reasonable proportion to the amount of oil produced from such well, measured by what is a normal proportion of gas to oil in the particular field,—the Superior Court, unguided and uncontrolled by anything in the statute, may, nevertheless, ignore this standard and apply a standard of its own based solely upon the present market demands for gas from the field for light, heat, fuel and other industrial purposes, and that this is not in violation of the due pro-

cess clause of the Fourteenth Amendment to the United States Constitution.

10. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding and deciding that the preliminary injunction of the Superior Court in and for the County of Los Angeles made on March 19, 1930, and as modified on March 28, 1930, and the enforcement thereof against petitioners, is not in excess of the jurisdiction of said Superior Court. In so holding, said District Court of Appeal, has, in effect, held that. even though each of petitioners' oil and gas wells [fol. 681] are efficiently operated in accordance with the standard prescribed by the statute, the Superior Court has jurisdiction under the statute to prohibit the production by petitioners of more than one-half of the gas required to be utilized by petitioners in producing oil in accordance with such standard, for the admitted sole purpose of conserving such natural gas for the benefit of the general public, without first commencing eminent domain proceedings according to law in a court of competent jurisdiction and without just, or any, compensation being made to or paid into court for petitioners, and that this does not constitute a violation of the guarantees of the Fourteenth Amendment of the United States Constitution providing that no state shall deprive any person of life, liberty or property without due process of law.

11. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding and deciding that the preliminary injunction of the Superior Court in and for the County of Los Angeles made on March 19, 1930, and as modified on March 28, 1930, and the enforcement thereof against petitioners, is not in excess of the jurisdiction of said Superior Court. In so [fol. 682] holding, the said District Court of Appeal, has, in effect, erroneously held that under the statute petitioners can be deprived of the propulsive force of sufficient gas required to operate their oil and gas wells efficiently and at the best or optimum gas-oil ratio for each well and at a gas-oil ratio which does not exceed what is normal or reasonable for the field and so as not to injuriously affect the rights or operations of other owners and/or operators in

the same field, solely for the purpose of conserving or reserving such natural gas for the future use and benefit of the general consuming public for light, heat, fuel and other industrial purposes, and that this does not constitute a violation of the rights secured to each of petitioners by the "due process" clause of the Fourteenth Amendment of the United States Constitution.

12. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding and deciding that the preliminary injunction of the Superior Court in and for the County of Los Angeles made on March 19, 1930, and as modified on March 28, 1930, and the enforcement thereof against petitioners, is not in excess of the jurisdiction of said Superior Court. In so [fol. 683] holding, the said District Court of Appeal has, in effect, erroneously held that the legislature, by defining as unreasonable waste of natural gas the highly beneficial and necessary use of natural gas in producing oil so as not to injuriously affect the rights of other owners and/or operators in the same field, can thereby deprive petitioners of the use of sufficient natural gas to efficiently produce oil on lands owned and/or leased by petitioners respectively and useful and valuable for such purpose, and that petitioners are not thereby deprived of their respective liberty and property without due process of law as guaranteed by the Fourteenth Amendment of the United States Constitution.

13. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in holding and deciding that the provisions of section 8b of the said statute as amended, to the effect that the blowing, release or escape of natural gas into the air shall be prima facie evidence of unreasonable waste of natural gas, is valid, and that the application thereof to petitioners does not violate the guarantees of the Fourteenth Amendment of the United States Constitution providing that no state shall [fol. 684] deprive any person of liberty or property without due process of law.

14. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred in upholding the validity of said statute as amended and the

attempted application thereof to petitioners, in that the real purpose of the statute as amended, and the attempted enforcement thereof, and the effect thereof, is to regulate and control the amount of oil production and thus regulate and control the price of oil; that the business of producing oil and gas is not a business affected with a public interest; and the statute as amended and as attempted to be applied to petitioners is in violation of the Fourteenth Amendmen of the United States Constitution and of the rights of petitioners thereunder, in that it deprives petitioners of their liberty and property without due process of law.

15. The District Court of Appeal, Second Appellate District, Second Division, of the State of California, erred, in that the natural gas produced by petitioners, when severed from oil and in the exclusive possession of the petitioners on the surface, is owned absolutely by petitioners, and the statute as amended and as applied to petitioners in effect [fol. 685] deprives petitioners of their *of their* ownership and use of such natural gas and deprives petitioners of their liberty and property without due process of law, in violation of the Fourteenth Amendment of the United States Constitution.

[fol. 686] NECESSITY FOR SUPERSEDEAS

The reasons why the application for supersedeas herein requested should be granted and the appeal made to operate as a supersedeas are as follows:

The appeal of petitioners to the United States Supreme Court, as hereinbefore set forth, if successful, will be wholly fruitless and ineffectual unless the appeal operate as a supersedeas. Before said appeal could be heard and determined by the United States Supreme Court the orders of the Superior Court of the State of California, in and for the County of Los Angeles, construing and applying the statute of the State of California, the validity of which statute and orders under the Constitution of the United States are involved on said appeal, would be enforced against petitioners, either by contempt proceedings or otherwise.

The petition for writ of prohibition filed in said District Court of Appeal alleges, and the demurrer of the re-

spondents in said prohibition proceedings admits, the following allegations contained in said petition, which are hereby re-alleged herein:

"* * * Plaintiffs and said Superior Court have threatened to, and will unless prohibited from so doing, enforce said preliminary injunction as modified, by contempt proceedings, or by other process or orders, forcibly [fol. 687] shut in or curtail the production of gas and oil from said leases of petitioners, to conform to said preliminary injunction as modified. Petitioners are informed and believe, and upon that ground allege, that on April 14, 1930, the plaintiffs and/or said court will cause said preliminary injunction to be further so modified as to materially further decrease and limit the amount of gas and oil which can be produced from the various wells and leases of petitioners, whereby the rights and property interests of petitioners will be further invaded and petitioners will be further irreparably damaged without recourse.

* * * * * * *

"Petitioners have no plain, speedy or adequate remedy at law, Plaintiffs in said action have filed no bond of any sort in said action, and if said preliminary injunction is later reversed, or if it be later held that plaintiffs in said action were not entitled thereto, petitioners will be wholly without recourse for any loss or damage sustained by them respectively. Before an appeal from said order granting said preliminary injunction and/or said order modifying the same can be heard and determined, if the same are enforced by contempt proceedings or other process, or in any manner, many of the wells of petitioners respectively will be shut in and killed and/or curtailed in their oil and gas production, which will deprive them of a large daily production of oil, will cause permanent and irreparable injury and damage. Many of said wells so shut in or killed cannot later be placed on production, and those that can be replaced on production cannot be restored to the amount of production of oil which they otherwise would have. Petitioners have attempted to restore some of the wells which have been shut in and/or killed in attempting to comply with said preliminary injunction, without suc-

cess. Many of the wells shut in, killed or curtailed, as aforesaid, can not be restored to production, and those of of them which can be restored to production cannot be replaced on the oil production which they would otherwise have. Much of the oil which would be produced from the wells of petitioners if said preliminary injunction and said order modifying the same were not complied with or enforced will be lost to petitioners. The effect of said order granting said preliminary injunction and as modified as [fol. 688] aforesaid, by virtue of the very existence thereof pending appeal therefrom, is to cast a shadow over the rights of each of petitioners to the full and exclusive use and enjoyment of their properties which no stay in the operation and enjoyment thereof can or could remove. Their respective properties in said Santa Fe Springs oil field, by reason of the mere existence of said preliminary injunction and said order modifying the same, are each rendered less valuable, less usable and less salable. By reason of the existence of said order granting said preliminary injunction and of said order modifying the same, and the threatened enforcement thereof and the resulting taking or damaging thereof, their constitutional rights in and to their respective properties and the use and enjoyment thereof are invaded, notwithstanding any appeal from said order granting said preliminary injunction or said order modifying the same. The enforcement of said preliminary injunction as originally granted or as modified, will necessarily prevent diligent production of oil and gas by each of petitioners from any of said wells as provided and required under the terms of the respective leases under which the wells of petitioners respectively were drilled and operated which will endanger said leases through proceedings to forfeit same and thus cause a multiplicity of suits. Section 14b of said statute under which said action was commenced and prosecuted, by its terms provides that no temporary or permanent injunction granted thereunder may be dissolved or stayed pending an appeal, either upon the giving of any bond or undertaking or otherwise. If petitioners are successful on an appeal from said order granting said preliminary injunction and/or said order modifying the same, they will have no recourse against plaintiffs, or otherwise, for the dam-

ages which petitioners and each of them have sustained and will daily continue to sustain."

Petition for Writ of Prohibition, pp. 19-20, 25-27.

Mr. James S. Bennett, attorney for respondents, has stated in the presence of attorneys for petitioners that he expects to proceed against petitioners as soon as the restraining provisions contained in the Alternative Writ of [fol. 689] Prohibition issued by said District Court of Appeal are removed. Said Superior Court has set the matter of further modification of said preliminary injunction for February 16, 1931, and unless the stay herein requested is granted said preliminary injunction issued by said Superior Court under date of March 19, 1930, as modified under date of March 28, 1930, will be enforced against petitioners by contempt proceedings or otherwise and said Superior Court will take such further steps and proceedings against petitioners to further limit and curtail the production of oil and gas under the supposed authority of the Statute of California, as amended, hereinbefore referred to. By reason of the premises petitioners will, in effect, be deprived of their right to have the judgment of said District Court of Appeal reviewed by the United States Supreme Court either by writ of certiorari or appeal, unless the supersedeas and stay hereinabove prayed for is granted.

Wherefore appellants and petitioners and each of them pray for the allowance of an appeal from the said District Court of Appeal, Second Appellate District, Second Division, of the State of California, to the Supreme Court of the United States in order that the decision of said [fol. 690] District Court of Appeal, Second Appellate District, Second Division, of the State of California, may be examined and reversed, and also pray that a transcript of the record, proceedings and papers in this case, duly authenticated by the Clerk of the Supreme Court of the State of California or of the District Court of Appeal, Second Appellate District, Second Division, depending on which of them at the time holds the original record in said suit, may be sent to the Supreme Court of the United States as provided by law.

Petitioners, desiring the appeal to be a supersedeas, pray an order touching the security to be required of them and the approval of such bond as required in this case.

Respectfully submitted.

Robert B. Murphey, Asa V. Call, Counsel for Appellants and Petitioners.

[fol. 691] [File endorsement omitted.]

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[fol. 692] In District Court of Appeal of California

[Title omitted]

Order Allowing Appeal—Filed Feb. 13, 1931

The appellants in the above entitled suit, and each of them, having prayed for the allowance of an appeal in this cause to the Supreme Court of the United States from the judgment of the District Court of Appeal, Second Appellate District, Second Division, of the State of California, filed November 29, 1930, and from each and every part thereof, and having presented and filed their petition for appeal, assignment of errors and prayer for reversal, pursuant to the statutes and the rules of the Supreme Court of the United States in this case made and provided;

It is now here ordered that an appeal be, and the same is, hereby allowed to the Supreme Court of the United States from the District Court of Appeal, Second Appellate District, Second Division, of the State of California in the [fol. 693] above entitled cause as provided by law, and it is further ordered that the Clerk of the District Court of Appeal, Second Appellate District, Second Division, of the State of California, shall prepare and certify a transcript of the record, proceedings and judgment in this cause and transmit the same to the Supreme Court of the United States so that he shall have the same in said court within sixty (60) days of this date, and it is further ordered that security that appellants shall answer all damages and costs if they fail to make their plea good be fixed in the sum of $10,000.00, said security to have the effect pending such appeal of a supersedeas and stay of execution and of other

proceedings under the judgment and as provided by the terms of the alternative writ of prohibition heretofore issued in said proceedings before said District Court of Appeal, Second Appellate District, Second Division of said State of California.

Dated January 29, 1931.

(Sgd.) Lewis R. Works, Presiding Justice of District Court of Appeal of the State of California, Second Appellate District, Second Division.

[File endorsement omitted.]

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[fols. 694-699] Supersedeas and cost bond on appeal for $10,000, approved and filed January 29, 1931, omitted in printing.

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[fols. 700-704] Citation, in usual form, showing service on U. S. Webb et al., filed February 13, 1931, omitted in printing.

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[fol. 705] In District Court of Appeal of California

[Title omitted]

Præcipe for Transcript of Record—Filed Mar. 3, 1931

To the Clerk of the District Court of Appeal of the State of California, Second Appellate District, Second Division:

You are hereby requested to make an authenticated transcript of record under your hand and seal to be filed in the Supreme Court of the United States, pursuant to an appeal allowed in the above entitled cause, and to include in such transcript of record the following, with your filing marks showing the date of filing each in your office:

1. Copy of printed Petition for Writ of Prohibition.
2. Copy of Alternative Writ of Prohibition.
3. Copy of Demurrer of Respondents.

4. Copy of Order of District Court of Appeal denying Peremptory Writ of Prohibition.
5. Copy of Opinion of District Court of Appeal,.
6. Copy of printed Petition for Rehearing.
7. Copy of Order of District Court of Appeal denying Petition for Rehearing.
[fol. 706] 8. Copy of printed Petition for Hearing by Supreme Court of California.
9. Copy of Petition for Appeal, Request for Supersedeas, Assignment of Errors, and Prayer for Reversal.
10. Copy of Order Allowing Appeal.
11. Copy of Undertaking on Appeal.
12. Original Citation with proof of service and admission of service.
13. This præcipe and proof of service thereof.
14. Your Certificate under your hand and seal authenticating such transcript of record.

Said transcript is to be prepared and authenticated as required by law and the rules of the Supreme Court of the United States and to be filed at the office of the Clerk of the Supreme Court of the United States at Washington, D. C., on or before March 28, 1931, or within such time as may be as authorized by law.

Dated February 28, 1931.

(Sgd.) Robert B. Murphey, (Sgd.) Asa V. Call, Attorneys for Appellants.

Service of the above præcipe accepted and acknowledged this 28th day of February, 1931.

U. S. Webb, Attorney General; James S. Bennett, Attorneys for Appellees.

[File endorsement omitted.]

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[fol. 707] In District Court of Appeal of California

[Title omitted]

Præcipe for Transcript of Record—Filed Mar. 4, 1931

To the Clerk of the District Court of Appeal, Second Appellate District, Second Division:

Your are hereby requested to authenticate the original map of Santa Fe Springs Oil Field filed April 21, 1930, in

the case of Bandini Petroleum Company, et al. v. Superior Court of the State of California, in and for the County of Los Angeles, 2nd Civ. No. 7292.

Said original map so authenticated to be filed at the office of the Clerk of the Supreme Court of the United States at Washington D. C., with the transcript prepared and authenticated by you, and to be filed on or before March 28, 1931, or within such time as may be authorized by law.

[fol. 708] Dated March 4, 1931.

U. S. Webb, Attorney General; (Sgd.) James S. Bennett, Attorneys for Appellees.

Service of the above Præcipe accepted and acknowledged this 4th day of March, 1931.

(Sgd.) Asa V. Call, (Sgd.) Robert B. Murphey, Attorneys for Appellants.

[File endorsement omitted.]

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[fol. 709] [File endorsement omitted]

[fol. 710] In District Court of Appeal of California

Certificate

The undersigned, Deputy Clerk of the District Court of Appeal, Second Appellate District, Second Division, of the State of California, does hereby certify that he has had in charge the preparation of the record on appeal in the above entitled matter; that, due to pressure of other duties, he will not be able to complete the transcript of the record upon said appeal and certification thereof as required and so that the same may be filed in Washington, D. C., by [fol. 711] March 28, 1931; that it is necessary and advisable that the time for the filing of said record on appeal and the docketing of said case in the office of the Clerk of the United States Supreme Court be extended to April 27, 1931.

Dated March 23, 1931.

H. C. Lillie, Clerk, by C. L. King, Deputy.

[fol. 712] ORDER OF ENLARGEMENT OF TIME TO DOCKET CASE, ETC.—Filed Mar. 24, 1931

Good cause being shown therefor, it is hereby ordered that the time within which appellants may file an authenticated transcript of the record and other papers required by the Statutes of the United States and the rules of the Supreme Court of the United States in connection with the appeal taken by appellants to the Supreme Court of the United States from the judgment of the District Court of Appeal of the State of California, Second Appellate Dis-
[fol. 713] trict, Second Division, made and filed on November 29, 1930, which appeal was allowed on January 27, 1931, and within which to docket the case on said appeal, be and the same is hereby extended from March 28, 1931, to and including April 27, 1931.

Dated March 23, 1931.

Lewis R. Works, Presiding Justice of the District Court of Appeal of the State of California, Second Appellate District, Second Division.

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[fol. 714] [File endorsement omitted]

[fol. 715] IN DISTRICT COURT OF APPEAL OF CALIFORNIA

[Title omitted]

CERTIFICATE AS TO FEDERAL QUESTIONS INVOLVED—Filed Mar. 24, 1931

This is to certify that each of the questions and propositions under the Constitution of the United States set forth in the various assignments of errors filed by appellants with their petition for appeal to the United States Supreme Court and which was allowed by the Honorable Lewis R. Works, Presiding Justice of the District Court of Appeal of the State of California, Second Appellate District, Second Division, under date of January 27, 1931, was duly, regularly, properly and timely raised by appellants
[fol. 716] and called to the attention of said court through-

out the proceedings involved on said appeal; that the contentions of appellants as to each of said questions, as set forth and claimed in said assignment of errors, and the various rights, privileges and immunities under the Constitution of the United States claimed by appellants in said assignment of errors, were specially set up and claimed by appellants throughout the proceedings sought to be reviewed by the United States Supreme Court upon said appeal, in accordance with the statutes, rules of court and practice prevailing in the State of California; that each of said questions was duly considered by this court on its merits and the contentions of appellants respecting each of said questions were each and all denied; that a decision upon each of said questions and claims of appellants was necessary to the decision and judgment of this court filed Novemmer 29, 1930.

This certificate is made for the purpose of being incorporated into the record on appeal filed in the Supreme Court of the United States in the above entitled matter, and for the purpose of showing that the federal questions above referred to were properly presented to and considered by this court in accordance with the practice of this state, and were decided adversely to the constitutional rights claimed by [fols. 717 & 717a] appellants in their said assignment of errors.

By order of the court.

Lewis R. Works, Presiding Justice of the District Court of Appeal of the State of California, Second Appellate District, Second Division.

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[fol. 718] [File Endorsement omitted]

[fol. 719] In District Court of Appeal of California

[Title omitted]

Stipulation re Transcript of Record—Filed Mar. 25, 1931

It is hereby stipulated by and between appellants and appellees:

1. That in addition to the portions of the record designated in the præcipes filed by appellants and appellees,

there shall be incorporated into the transcript of the record to be transmitted to the United States Supreme Court the following:

(a) Certified copy of order of District Court of Appeal for issuance of alternative writ of prohibition.

[fol. 720] (b) Certified copy of minute order of District Court of Appeal denying peremptory writ of prohibition.

(c) Certified copy of the order of the Supreme Court of California denying the petition of appellants for a transfer to and hearing by said Supreme Court.

(d) Copy of topical index of "Brief in Support of Petition and Answer to Respondents' Memorandum of Authorities".

(e) Copy of that part of Rule XXX of the Supreme Court and District Courts of Appeal of the State of California specifying the time within which an application for a rehearing by a District Court of Appeal must be served and filed and the time within which an application for a transfer and hearing by the Supreme Court after decision by a District Court of Appeal may be served and filed.

(f) Certificate by the District Court of Appeal.

(g) Original of this Stipulation.

2. That the portions of the record designated in the Præcipe heretofore filed by appellants and the portion of the record designated in the præcipe heretofore filed by appellees constitute all the papers, records and proceedings which are necessary to the hearing of the appeal taken [fol. 721] by appellants herein to the Supreme Court of the United States and also for the review by the Supreme Court of the United States by certior-i of the judgment and decision of the District Court of Appeal of the State of California, Second Appellate District, Second Division, filed November 29, 1930, and which became final January 26, 1931, and the said transcript and record on appeal may be used upon any application by appellants by motion or petition for a review by the United States Supreme Court by certiorari proceedings of the said judgment.

3. That each of the questions arising under the Constitution of the United States set forth in the assignment of errors, filed by appellants herein, was duly, regularly, properly and timely raised by appellants in the prohibition proceedings before the District Court of Appeal, Second Appellate District, Second Division of the State of California, and in the petition of appellants for a rehearing by said court, and in the petition of appellants thereafter for a transfer to and hearing of said proceedings by the Supreme Court of California, all in accordance with the laws, rules of court and practice prevailing in the State of California; and that appellants, in all of said proceedings and in said petition for rehearing and in said petition for a transfer to and hearing by said Supreme Court of Cali- [fol. 722] fornia specifically set up and claimed certain rights, privileges and immunities under the Constitution of the United States, in accordance with the laws, rules of court and practice prevailing in the State of California and in accordance with the various claims and contentions of appellants in the assignment of errors filed by appellants with appellants' petition for appeal to the Supreme Court of the United States which was allowed on January 27, 1931; and that each of said rights, privileges and immunities was, and at all times has been, denied by the highest court of the State of California in which a decision in the suit could be had.

Robert B. Murphey, Asa V. Call, Attorneys for Appellants. U. S. Webb, Atty. Gen.; James S. Bennett, Attorneys for Appellees.

[fol. 723] Original

Service of a copy of the foregoing stipulation is hereby acknowledged, this 24 day of March, 1931.

U. S. Webb, Atty. Gen.; James S. Bennett, Attorneys for Appellees and Respondents.

[fol. 724] [File endorsement omitted]

IN DISTRICT COURT OF APPEAL OF CALIFORNIA

TOPICAL INDEX TO "BRIEF IN SUPPORT OF PETITION AND ANSWER TO RESPONDENTS' MEMORANDUM OF AUTHORITIES" —Filed Mar. 25, 1931


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[fol. 730] In District Court of Appeal of California

Extracts from Rule XXX of Supreme Court and District Courts of Appeal of California—Filed Mar. 25, 1931

"Rule XXX

"Applications for Rehearing and Hearing After Decision

"Sec. 1. * * *

"Application for a rehearing of any cause decided by the Supreme Court in bank or for a hearing in bank after a decision in department, and application for a rehearing of any cause, except a criminal cause, decided by a District Court of Appeal must be served on the adverse party and filed with proof of service within twenty days after the judgment is pronounced.

* * * * * * *

"Sec. 3. Application after a judgment of a District Court of Appeal has become final, for an order that the cause be heard and determined by the Supreme Court must be accompanied by a copy of the opinion of the District Court of Appeal, showing the date of filing thereof, and must be served on the adverse party and filed with proof of service within seven days in criminal causes and within

ten days in all other causes after the judgment of the District Court of Appeals has become final therein."

[File endorsement omitted.]

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[fols. 731-732a] Clerk's certificate to foregoing transcript omitted in printing.

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[fol. 733] IN SUPREME COURT OF THE UNITED STATES

ORDER OF ENLARGEMENT OF TIME TO DOCKET CASE, ETC.—Filed Mar. 28, 1931

Good cause being shown therefor, it is hereby ordered that the time within which appellants may file an authenticated transcript of the record and other papers required by the Statutes of the United States and the rules of the Supreme Court of the United States in connection with the appeal taken by appellants to the Supreme Court of the United States from the judgment of the District Court of Appeal of the State of California, Second Appellate Dis-
[fols. 734-736] trict, Second Division, made and filed on November 29, 1930, which appeal was allowed on January 27, 1931, and within which to docket the case on said appeal, be and the same is hereby extended from March 28, 1931, to and including April 27, 1931.

Dated March 23, 1931.

Lewis R. Works, Presiding Justice of the District Court of Appeal of the State of California, Second Appellate District, Second Division.

[fols. 737 & 738] [File endorsement omitted.]

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[fol. 739] IN SUPREME COURT OF THE UNITED STATES

STATEMENT OF POINTS TO BE RELIED UPON BY APPELLANTS AND STIPULATION AS TO PARTS OF RECORD TO BE PRINTED—Filed April 15, 1931

Come now the appellants in the above entitled cause and adopt their Assignment of Errors as their statement of the

points to be relied upon, which may be more logically re- [fol. 740] stated under the following headings or points:

A. The United States Supreme Court has jurisdiction on appeal proceedings, under section 237, U. S. Judicial Code, to review the judgment of the California District Court of Appeal upholding the validity of the state statute involved against the asserted claim of its repugnance to the United States Constitution, and, incidental thereto, to review the decision by the state court of last resort upon any rights specially set up or claimed under the Federal Constitution.

B. The Superior Court acted in excess of its jurisdiction. It has no jurisdiction to enforce a state statute repugnant to the United States Constitution, or to make or enforce [fol. 741] an order the effect of which is to deprive appellants of rights thereunder, or to do any act or take any step in violation of the express or implied prohibition of the Federal or State Constitutions or the statute involved. Where it attempts so to do it is more than mere error; it is acting in excess of its jurisdiction.

C. It is within the province of this court on appeal from a state court to inquire into the facts, where such inquiry is essential to the enforcement of a right suitably asserted under the Federal Constitution, also, where, as here, the facts are admitted by demurrer, to review same and draw its own conclusions therefrom.

D. The California statute, under the supposed authority of which the action of the Superior Court was instituted [fol. 742] and the orders of that court were made, is so indefinite, vague and uncertain, and involves so many factors of varying effect and complexity as to what constitutes "unreasonable waste of natural gas" that an ordinary person cannot determine in advance with any safety or certainty what he may or may not do under it, and such statute and the attempted enforcement thereof against appellants violates the "due process" clause of the Fourteenth Amendment of the Federal Constitution.

E. Section 8d, which contains the only language throwing any light upon the meaning of "unreasonable waste of natural gas", is repugnant to the "due process" and

"equal protection" clauses of the Fourteenth Amendment [fol. 743] of the Federal Constitution: (1) in that it vests in an administrative and executive officer power to judicially determine property rights of producers of oil and gas; (2) in that it expressly permits the supervisor of oil and gas, even though he finds there is an unreasonable waste of natural gas by any operator or operators, to order the discontinuance thereof only "to the extent stated" in the order of said official, thus imposing in said official discretionary and arbitrary power resulting in possible favoritism and discrimination as between appellants and their competitors; and (3) in that, under the inseparable provisions of sections 8d and 9 of the statute, one set of owners and operators is permitted to determine the extent of the use of property, and the property rights, of other property owners.

[fol. 744] F. The legislative power of a state extends only to the regulation or protection of the private correlative rights of owners or operators in a common source of supply of oil or gas by preventing waste or other conduct by one or more of them which injuriously affects the correlative rights of others in the common source of supply. Legislation which goes further than this, and which is directed to the prevention or curtailment of production itself, cannot be sustained in the absence of compensation to the owner or owners thus deprived of the use of their property.

G. The California statute involved, as construed and applied to and sought to be enforced against appellants, deprives appellants of their property without due process of [fol. 745] law, in violation of the Fourteenth Amendment of the Federal Constitution, in that, under the uncontradicted and admitted facts, each of appellants' oil wells is being efficiently operated at a proper and lawful gas-oil ratio, and so as not to injuriously affect the rights or operations of other operators or owners in the same field, and the admitted sole purpose of the decrease in the allowed gas production of appellants required to be utilized by them in the efficient production of oil as aforesaid is to reserve such natural gas in the ground for light, heat and power for the future benefit of the general consuming

public, and this cannot be accomplished without compensation under the police power of the state, but requires the exercise of the power of eminent domain.

[fol. 746] H. The California statute involved, as construed and applied to and sought to be enforced against appellants, deprives appellants of their property without due process of law, in violation of the Fourteenth Amendment of the Federal Constitution, in that, under the admitted facts, the extent of the invasion of appellants' property rights is so great, so arbitrary, so oppressive and so unreasonable, that it cannot be sustained under the police power of the state but requires the exercise of the power of eminent domain.

I. The California statute involved, as construed and applied to and sought to be enforced against appellants, deprives appellants of their property without due process of [fol. 747] law, in that the means prescribed by the statute, as construed and applied to appellants, are, to a great extent, so unrelated to any purpose within the legislative power that the necessary effect and operation thereof constitutes a taking of the property of appellants in violation of said "due process" clause.

J. The California statute involved, as construed and applied to and sought to be enforced against appellants, deprives appellants of their property without due process of law, in that the California legislature cannot, by defining as "unreasonable waste of natural gas" the admitted highly beneficial and necessary use of natural gas in producing oil efficiently and at a proper gas-oil ratio, and so as not to injuriously affect the rights of other owners and/or operators in the same field, thereby deprive appel- [fol. 748] lants of the use of sufficient natural gas for such purpose. Mere legislative fiat may not take the place of fact in the determination of issues involving life, liberty or property.

K. The California statute involved, as construed and applied to and sought to be enforced against appellants, deprives appellants of their property without due process of law, in that the real purpose and effect of the statute and the attempted enforcement thereof against appellants is

to regulate and control the amount of oil production in its relation to the demand for oil and gasoline and thus regulate and control the price of oil and gasoline, which is a business not affected with a public interest, and therefore is in excess of the legislative power.

[fol. 749] L. The provision of the California statute involved providing that "the blowing, release or escape of natural gas into the air shall be prima facie evidence of unreasonable waste", is arbitrary, and as construed and applied against appellants violates the "due process" clause of the Fourteenth Amendment of the Federal Constitution.

M. The California statute, as construed and applied to and sought to be enforced against appellants, impairs the obligations of the oil and gas lease contracts of appellants requiring "diligent drilling and operation", and in two instances to "maximum capacity", under penalty of forfeiture, in violation of section 10 of Article I of the United States Constitution.

[fol. 750] N. The statute of California, as construed and applied to and sought to be enforced against appellants, denies to appellants the "equal protection of the laws" guaranteed to appellants by the Fourteenth Amendment of the United States Constitution: (1) in that it permits other owners or operators in the field to produce gas from their wells in excess of a reasonable proportion to the oil produced therefrom, when the excess gas produced is conveniently necessary for the generation of light, heat, power or other industrial purpose; (2) in that it permits competitors of appellants producing oil and gas in the same or other fields and having contracts for the sale of gas produced by them, to produce such gas for the purpose of supplying such contracts, and a correspondingly increased [fol. 751] quantity of oil, and denies appellants having little, if any, market for natural gas of their right to produce gas on an equality and to the same extent; and (3) in that. under section 8d of the act, which has been used as an alternative method of enforcing section 8b of the statute against appellants' competitors, the supervisor of oil and gas is expressly permitted, even though he finds there is an unreasonable waste of gas by any operator or operators,

to order the discontinuance of such unreasonable waste only "to the extent stated in said order", without power in the state to review such order, thus imposing discretionary and arbitrary power and resulting in favoritism and discrimination as between appellants and their competitors; [fol. 752] (4) in that, under sections 8d and 9 of the statute, one set of owners and operators is permitted to determine the extent of the use of property, and the property rights, of other property owners.

O. The necessary effect of the order of the Superior Court sought to be enforced against appellants and of the judgment of the District Court of Appeal upholding the validity thereof, is to deprive appellants of their property without due process of law, in violation of the Fourteenth Amendment of the Federal Constitution, and involves other rights and questions under the United States Constitution specially set up and claimed by appellants, and herein presented.

P. If it be held that appeal was improvidently sought and allowed under section 237(a), U. S. Judicial Code, then, [fol. 753] treating the papers whereon the appeal was allowed as a petition for certiorari under said section, appellants pray that a writ of error be granted, because the record presents a case within the jurisdiction of this court to review under subdivisions (b) and (c) of said section 237, in that substantial federal questions arising under asserted rights specially set up and claimed by appellants under the Federal Constitution are involved, including the validity of a California statute on the ground of its being repugnant thereto, and in that the decision of the lower court is not in accord with previous applicable decisions of this court and involves federal questions not previously decided [fol. 754] by this court.

Robert B. Murphey, Asa V. Call, Counsel for Appellants.

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[fol. 755] STIPULATION AS TO PARTS OF THE RECORD TO BE PRINTED

It is hereby stipulated by and between counsel for appellants and appellees in the above entitled cause that

[fol. 756] only the following parts of the record as filed in this court need be printed by the Clerk for the hearing of this case on appeal proceedings or of any application for certiorari in the above entitled case:


| Title of paper | Record pages, both inclusive |
|---|---|
| Petition for Writ of Prohibition, and all Exhibits thereto | 3-327 |
| Order Directing Issuance of Alternative Writ of Prohibition | 327½ |
| Alternative Writ of Prohibition | 328-330 |
| Demurrer of Respondents to Petition for Writ of Prohibition | 331-332 |
| Opinion and Judgment of District Court of Appeal of California | 333-363 |
| [fol. 757] Minute Order Denying Writ of Prohibition | 363½ |
| Petition for Rehearing, including cover pages, showing filing marks and endorsements, topical index, and table of cases and authorities cited, and introductory statement | 363½-375 |
| Order Denying Rehearing | 486 |
| Petition for Hearing by the Supreme Court, including cover pages and endorsements thereon, topical index, table of cases and authorities cited, introductory paragraph, and preliminary statement | 487-508 |
| Certificate to Petition for Hearing by Supreme Court | 671 |
| Order Denying Petition for Hearing by Supreme Court | 671½ |
| Petition for Appeal, Assignment of Errors, and Prayer for Reversal | 672-690 |
| [fol. 758] Order Allowing Appeal | 692-693 |
| Supersedeas and Cost Bond | 694-698 |
| Citation (to be printed only if appellees have not entered their general appearance) | 699-704 |
| Appellants' Præcipe for Transcript of Record | 705-706 |
| Respondents' Præcipe | 707-708 |
| Certificate of Clerk and Order of Enlargement | 709-713 |
| Certificate as to Federal Questions Involved | 714-717 |
| Stipulation of Counsel | 718-722 |

| Title of paper | Record pages, both inclusive |
|---|---|
| Topical Index to Brief in Support of Petition for Writ of Prohibition | 724-729 |
| Extracts from Rule XXX of Supreme Court and District Courts of Appeal of California | 730 |
| [fol. 759] Certificate of Clerk's Transcript of Record to United States Supreme Court | 731-732 |
| Statement of Points to be Relied upon by Appellants, and Stipulation as to the parts of the record to be printed | ..... |


Robert B. Murphey, Asa V. Call, Counsel for Appellants. U. S. Webb, James S. Bennett, Counsel for Appellees.

[fol. 760] Original

Receipt of a copy of the within statement of points to be relied upon by appellants and stipulation as to the parts of the record to be printed, is hereby acknowledged, this 10th day of April, 1931.

U. S. Webb, James S. Bennett, Counsel for Appellees.

[fol. 761] [File endorsement omitted.]

Endorsed on cover: File No. 35,774. California District Court of Appeal, Second Appellate District. Term No. 852. Randini Petroleum Company, Commodore Petroleum Company, Wilshire Oil Company, et al., appellants, vs. The Superior Court of the State of California in and for the County of Los Angeles and Honorable William Hazlett, as one of the Judges thereof. Filed April 6, 1931. File No. 35,774.